App. F. IX-4

Previous References
Genl 99-30-1

File No. 99-30
Serial Nos. 9-15, 16

Later References.

Preserve

(103)

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. Fourteen

Part B for April 34.

SUBJECT.

Renewal of the Kolar mining leases

WD 01965—GPB—15,000—7-7-34

266

App. F. III—2]

General and Revenue Secretariat. Yerk. File No. 99 of 1930.

DEWAN'S OFFICE 91 7 - JUL. 1931

THE COUNCIL 6 JUL 1931 No. 86

Serial No.

1. Letter from Messrs John Taylor & Sons

2. Dft reply to Sir Henry Taylor ack[g] the communication postponing 1st Member Dewan

6/7/31

6/7

3. Please type wrp. for 3 signatures

7-7-31

4. Please attend to the Dewan's Orders in the margin of Sir Charles Todhunter's letter.

8/7/31

8/7

GEN. & REV. SECRETARIAT 9 JULY 1931 DEVELOPMENT BRANCH.

Taken by hand received back from Todhunter's office on 10-7-31.

5. As it is learnt that the previous file on this subject and other papers connected with the grant of the mining leases to Messrs John Taylor & Sons have not been kept in the old Geological Secretariat, a draft calling for the information required by Sir Charles Todhunter from the Director of Geology and

NOTE—Contn. sheet.

General and Revenue Secretariat — Yest File No. 99 of 1930

Serial No.	
	Chief Inspector of Mines is asked for orders herewith. MR. K[illegible] 6. Saunders 14/7 13.7.31.
2	The offg Director of Geology & the Chief Inspector of Mines No D 278-9 of 15.7.31. calls for ~~info~~ the particulars required by the Private Secy to H.E. in his letter of 2.7.31.
3	No 141 of 18.7.31 from the Ch. Inspector of Mines – Reports that he is preparing the note called for in §2 above & that he will submit the same during the Course of next week.
4	Do No 162 of 21/7/31 from the Chief Inspector of Mines – Enquires when he can wait upon the 1st member to receive instructions re Mining leases issued to the several G[illegible] Mining Companies.
	7. For orders (1st member) 22.7.31
	8. He may come on Tuesday 25th inst – office at 3 PM MRA 23/7/31
	9. P.C. Estimates & Work in hand also any engagement list also 23.7.31
	10. Do. letter written to the C[illegible] 23.7.31

WD 02553—50,000—GPB—8-7 30

66
28
29
25

Yest. File No. 99 of 1930-31.

General and Revenue Secretariat

To the Chief Inspector of Mines in Mysore. 5
D.O.No.41-d.29.7.31. Informs him that he may meet the 1st Member of Council in his Chamber in the Public offices on Tuesday the 28th instant at 3 P.M.

From the Offg. Director of Geology. No. 6039-5 d. 25.7.31. States, as regards item 1 (Note on Negotiations connected with the previous K.G.F. Mining Leases, that a succint note on the history of the leases in question from 1873 to 1910 is given in the Departmental Bulletin No. 11 (Review of Mineral production of Mysore) and gives an account of the leases since 1910 up to date together with a map showing the several blocks held by the five Mining Corps & a plan showing the areas and other particulars relating to the leases held by each Co.) and states that the Chief Inspector of Mines will comply with items 2 & 3 (history of each Company with statistics and date of annual reports). Invited for perusal with the connected file.

The Chief Inspector of Mines has been requested to meet the 1st Member to-morrow (Tuesday) at 3 P.M. in connection

Serial No.

with this question.

MR. [illegible] Secy
27.7.31.

12. The Dist. member received the Chief Inspr of mines & discussed with him this question of the renewal of the lease as also the recent accident.

13. The Chief Inspr has been asked to submit Statement of dividends, & proportion of dividends to profits & other relevant Statistics.

14. The measures for preventing accident were discussed & Chief Inspr explained that all possible precautions are being taken

28.7.31

Yes A
MR
8.8.31.

GEN. & REV. SECRETARIAT
11 AUG. 1931
DEVELOPMENT BRANCH.

15. As the Chief Inspector has not yet submitted the particulars asked for by him for furnishing the information required by the Private Secy to H. H., a draft letter requesting him to expedite submission is put herewith for orders.

MR. 26.10.31.

Vide P.U.D.

Issue
27/10/31

TYPING SECTION
28. OCT. 1931
NOTE—Contn. Sheet.
GEN. & REV. SEC.

1575

Govt. File No. 99 of 1930. | General and Revenue Secretariat

To the Chief Inspector of Mines in Abystone R
No. N. D. 2169 d. 28. 10. 31. Invites his reply
to this office letter of 15. 7. 31 (ol. 2) calling
for particulars of mining leases and re-
quests him to submit the statements pertain-
ing to dividends etc., at an early date.

From the Chief Inspector of Mines. D. O. No. RP
691 d. 31. 10. 31. States that the statements
pertaining to dividends are under compilation
& will be ready to post at an early date
and adds that the sudden demise of Mr. Ar-
thur Taylor the question of a representative
of Messrs John Taylor & Sons coming out to
India in the near future is still undecided.

16. Ready for perusal. The Chief Inspector's
further report may be awaited.
MR. KP 11. 11. 31. This is a very important subject. The Ch. Insp^r of Mines has taken too long to furnish the Govt. Opinion. He will be requested to furnish them without further delay
D. Leers)

11/11/31

18. As please
12/11
12/11

9. Draft ready.
MR. KP
11. 11. 31

Issue
13/11/31

TYPING SECTION
14. NOV. 1931
GEN'L & REV. SECTT.

1658
1859

General and Revenue Secretariat — Govt File No. 99 of 1930. — [App. F. III—2

Serial No.	
R	To the Chief Inspector of Mines, Bangalore. D.O. No. 2356 d. 16.11.31. Observes that the submission of the statements relating to dividends &c. has already been delayed and requests that the same may be forwarded to this office without further delay.
7	From the Chief Inspector of Mines. No. 799 d. 18.11.31. Submits for information the necessary statements with charts for all the 5 mines (as called for in Sl. 2) the former showing the capital invested, the value of output, dividends and royalty paid from the commencement of operations (1898) to the end of the Calendar year 1930 and the latter showing the assay value and the working costs (per ton) of ore crushed, the margin of profits during the period of operation and states that they reveal the exact position of each mine from the commencement to 1930.

Reference — paras 12 & 13 above.

The Private Secy to His Highness wrote in his D.O. of 2.7.31 that for a proper examination of the question two pieces of material were necessary, (1) a note on the negotiations accompanying each of the previous agreements & (2) a complete history of each Company with figures for every year. The permanent Dewan ordered that these might be prepared. A third item pointed out by the P. S. H. has been very valuable was a collection of the Company's Reports and the Dewan

deemed that they would be most useful. Then as regards the question of fixing the rate of royalty payable by the Company on a profit showing Rs. he suggested that an attempt might be made to work out per a long series of years the proportion of payments to the profits earned under the lease deed plus income taxes that it might be possible on that basis to arrive at an average figure by which it would be reasonable to impose as the total taxation on the Company and then to arrive at the lease amount by deducting the income tax from the same. p/c D, page 2

2. After informing Mr. Henry Taylor that the question of the revision of the terms of the Kolar Gold Field Mining Leases was under consideration and that a reply would be sent to him in due course, the Chief Inspector of Mines was requested to furnish Govt with — (1) a note on the negotiations connected with each of the previous K.G.F. Mining Leases (2) a complete history of each Company with figures representing output, value & royalty paid each year from the year of starting and (3) a complete set of the annual reports of each Gold Mining Company on the K.G.F.

3. In this the Chief Inspector of Mines wrote in reply on 18.7.30 that a note on the subject was being compiled which would be submitted to Govt early. The offg. Director of Geology who had also been addressed in the matter furnished this office with a note on the negotiations with the mining leases from the commencement in 1880 year 1910 up to date,

and for the history of the Kolar leases from their commencement in 1873 upto 1910 he has referred us to Bulletin No. 11 of the Geological Dept entitled Review of Mineral production of Mysore (pages 11 to 14). The Chief Inspector who had promised a note on the subject subsequently wrote in a D.O. on 21st July 1931 that it seemed desirable to take personal instructions of the (then) 1st Member in connection with the mining leases and had an interview with the 1st Member on the 28th July 1931 and discussed with him the question of the renewal of the leases and that the Dewan Yest has noted he was asked by the Member to submit statements of dividends, of the proportion of dividend to profits & other relevant statistics. Accordingly the Chief Inspector has now sent only the statements and charts containing figures & statistics which he states were compiled from the Annual Reports of the Dept and from the Reports of the Directors of the Mines. He has also submitted supplementary statements in the case of the Mysore Gold Mining Company showing particulars under various important heads of expenditure and he adds that if these special statements which have been prepared for the Mysore Gold Mine by consulting the old records of the Mining Accounts should be found useful, similar statements in respect of the other mines will be compiled and submitted for information. The Chief Inspector has not furnished a note on the subject as originally stated by him nor has he furnished a history of each

1658
1859

Yest File No. 99 of 193[illegible]. General and Revenue Secretariat

Company as was requested in para 2 of the letter of this office d. 15.7.31. A complete set of the Annual Reports of each gold mining Company on the K.G.F. was also called for and they too have not been sent by him. The Chief Inspector without furnishing a history of each Company (together with the figures for every year) and the Annual Reports required by the Private Secy to His ~~History~~ Highness has only furnished statistics said to have been asked for to be submitted by him in the meeting held on 28.7.31.

2. It is therefore for orders whether he may be requested to send a note (as promised by him) containing information regarding the history of each mining Company (together with the Annual Reports) for being furnished to the P.G.H.H with the statistics now sent. Whether the supplementary Sts for the years ~~as~~ has been sent for the Mysore Gold Claims mining Companies should also be called for is also a point for orders.

Submitted for orders.

Sec. 2. The Chief Inspector reports that 23.11.31. the Sts furnished by him give all the particulars req. by this office letter dt 15.7.31 but the charts & Sts furnished are found to give adequate information, the chief Inspector will if appd be asked to furnish similar Sts & charts in respects of other mines.

Sd 23/11

vs Secretary The information furnished by the Ch. Insp of Mines

Flag I

General and Revenue Secretariat

Govt. File No. 99 of 1930.

[App. F. III—2

Serial No.

25 Please bring up. MK 26/11

5/note to D Secy. 1/12/31

25

is in accordance with personal instructions received by him from the Hon First Member (now Offg: Dewan) when he interviewed him on 28.7.31. And whether the 8½ Rs now reed are sufficient or whether all the rifts called for in the first instance in Dev. Secy's letter No. D 278-9/Gal 99-30-2 Dt 15.7.31 (Flag I) shd be obtained is a point for orders. If the rifts now reed is considered full & sufficient it will be forwarded to the Pte Secy to H.M. Dev. Secy)

28/11/31

MK 1/12

25 Returned with a note underd as directed.

27 Mr. Henry Taylor sent an official communication dated 19th June 1931 addressed to the Dewan regarding the renewal of the K.G.F. Mining Leases which are due to expire in 1940. In this communication he has urged the necessity of making known to the Mining Companies as early as possible the terms upon which the leases would be renewed to enable them to decide the scale of expenditure upon further exploration and development work. A revision of the terms of the leases so as to make the royalty payable to the Mysore Government more dependent upon profits than upon the realised sale value of the gold output is strongly urged. It is also stated in the letter that the Ooregum and Balaghat Companies are in urgent need of relief and that a royalty upon gold output calculated upon a sliding scale may be substituted for the terms of the present leases.

~~28 Sir Charles Todhunter, Private Secretary to H.H. the Maharaja, in his letter dated 2nd July 1931 on this subject has opined that for a proper examination of the question two pieces of material are necessary. (1) a note on the negotiations accompanying each of the previous agreements and (2) a complete history of each Company with figures for every year. The Dewan said, the permanent Dewan has ordered that these may be prepared. H.H. also stated that a collection of the Companies' reports would be very valuable and the Dewan has remarked that these would be most useful.~~ As regards taxation on a profit-sharing basis the Private Secretary has stated that this is certainly the fairest way and practically

Serial No.

what the Companies proposed. To arrive at a rate to be fixed upon he suggests that an attempt be made to work out for a long series of years what the proportion borne by payments under the lease deeds plus income-tax is to the profits earned. On this the Chief Inspector of Mines and the Offg. Director of Geology were requested on 15th July 1931 to furnish Govt. with (1) a note on the negotiations connected with each of the previous K.G.F. Mining Leases; (2) a Complete history of each Company with figures representing output, value and royalty paid each year from the year of starting and (3) a complete set of the annual reports of each Gold Mining Company on the K.G.F. The Offg. Director of Geology furnished on 25th July 1931 such information as was available with him, with regard to item No (1), while the Chief Inspector first stated on 18th July 1931 that a note was being compiled and would be submitted to Government in the course of a week. On 21st July 1931 he again wrote to say that it was desirable to take personal instructions of the First Member and wanted an appointment to be made. On 28th July 1931 at 3 P.M. he waited upon the First Member and he has now furnished with his letter dated 18th Novr. 1931 (1) one set of five statements, one for each of the five mines viz., Mysore, Champion Reef, Ooregum, Nandydrog and Balaghat, showing the capital invested, output and its value, dividends paid and royalty paid from the beginning upto 1930 and (2) one set of six charts one for each mine and one for all the mines showing the assay value and the working costs per ton of ore pressed. In addition to the above he has furnished a set of supplementary statements

in respect of the Mysore Gold Mining Company only, showing particulars under important heads of expenditure. He says that if these are found to be useful similar statement will be furnished in respect of the other mines also. The points for orders are (1) whether all the information called for in this Office letter of 15th July 1931 should be asked to be sent for being furnished to the Private Secretary to His Highness or whether the statements now furnished are enough and (2) whether supplemntary statements re - expenditure similar to those furnished in respect of the Mysore Gold Mining Company should be got in respect of other mines also.

A complete set of them may be obtained.

30 The statements sent by the Chief Inspector do not give all the particulars required by Sir Charles. All payments to be made to Government under the leases have to be shown separately in the statements. I believe the items coming under this head are rent on land, royalty (on output and on dividends), and income and super taxes. The ratio of all these

payments

WD 70—GBPM—60,000—13-8-31.

payments to the annual profits has to be calculated for all the years during which the Mines have been working.

31 The statements now received from the Chief Inspector club together the taxes paid to the Mysore Government as well as to the Government of Great Britain. It is necessary to show these taxes separately.

32 The report received from the Director of Geology in regard to the ~~history~~ history of each Company is not to the point. The ~~Director's~~ report refers mainly to the variations in the areas of working of the several Mines. I think there are files relating to the protracted negotiations regarding the original and renewed contracts. They should be available in the Secretariat and an effort may be made to trace them. A

33. This is a very important problem and other calculations than those suggested by Sir Charles will also have to be made before deciding upon the terms on which renewals of the present leases might be permitted.

34 I have a recollection that some points relating to the calculation of royalties payable to Government were discussed in a note of mine written as Comptroller. It may have some bearing upon the question now under discussion and it may also be referred to.

Mac 23/12

35 Yes d with a draft calling for the annual re- to the Chief Inspector
ports & other particulars required by the Members.
Meanwhile an attempt will be made to trace the files re: negotiations as ordered by the Members. Very early
MR. Mod
26.12.31.

36 Put up revised draft as instructed please [illegible] 29/12/31

24/12
24/12

General and Revenue Secretariat | Govt. File No. 99 of 1930.

Serial No.	
	37 Ended with a revised draft as personally instructed.
	MV. Vol. 29.12.31. 38 Done 39 A & B Shd be traced & put up Land. 31/12/31 31/12/31
8	To the Chief Inspector of Mines. No. D. 3345 d. 2.1.32. Requests him to furnish a complete set of the annual reports of all the mining Companies together with a comprehensive history of each Company, to frame ~~and that~~ the plts may be got prepared so as to show all the payments to be made to Govt under the leases separately & the ratio of all these payments to the annual profits earned by each Company calculated for all the years during which the mines have been working and adds that the taxes paid to the Mysore Govt as well as those paid to the Govt of Great Britain which have been clubbed together ~~may~~ should also be shown separately.

SECTT. TYP. 31 DEC 1931 4.30 P.M. GEN. & REVN.

10~ 1
250 6
255 4

Yest. File No. 99 of 193 0. | General and Revenue Secretariat

From the Chief Inspector of Mines. No. 1078 | 9
d. 6.1.32. States that the Director of Geology has been requested to furnish information re: particulars in respect of guarantment on mining lands together with cesses as the same is not available in his office, that the Executive Member, John Taylor & Sons' Committee, says that figures re: income tax paid to the Govt of Great Britain are not available here and will have to be obtained from the London office, that as soon as the figures called for from the Director of Geology & the Executive Member are received, the Statts will be completed & submitted to Govt and that ~~with~~ a brief history of each Coy. is being compiled & will be submitted to Govt along with the reports of the Companies.

From the Chief Inspector of Mines. No. 1115 | 1
d. 11.1.32. Forwards a copy of letter rec'd from the Executive Member stating that full information regarding the figures re: Income Taxes paid to the Govts of Great Britain Mysore being furnished separately is by available in London and will be written for if still required by Govt and enquires whether Govt still

General and Revenue Secretariat — Yubd. File No. 99 — of 1930.

Serial No.

Reqd to get this figures from London office in the light of the explanation given by the Executive Members.

Yubd for perusal. As the 1st Member has ordered in para 3 of his note on pages 3 & 4 that the two taxes should be shown separately in the statements, it seems to be necessary to get the figures from London. If approved the Chief Inspector will be informed accordingly.

Yubd for Orders.

MR. KS
12.1.32.
13

Dev. Secy)

43

13/1/32

Please call for the full information.

MR
15/1/32

Dmapt ordered.

MR. KS
6.1.32.

15/1/32

The Chief Inspector of Mines. No. D.3623 d. 20.1.32. States that full information on all the points is required as the subject is a very important one and requests him to obtain the figures from London through the Executive Members, furnish the same this office along with the annual report other particulars called for by this Officer

1857
2506
2554

General and Revenue Secretariat — Yeol. File No. 99 of 193

Serial No.

desire to get these figures from London office in the light of the explanation given by the Executive Members.

40 Yeol. for perusal. As the 1st Member has ordered, in para 3 of his note on pages 3 & 4 that the two taxes should be shown separately in the statements, it seems to be necessary to get the figures from London. If approved the Chief Inspector will be informed accordingly.

41 This seems necessary. 13/1/32

Yeol. for orders.

MR. KS
12.1.32.

13 Dev. Secy)

42 13/1/32

43 Please call for the full informn.
MK 15-1-32
12/1/32

44 Draft ordd.
MR. KS
16.1.32.

45 15/1/32

TYPING SECTION * 18 JAN 1932 3.30 GENL. & REV.

11 To the Chief Inspector of Mines. No. D.3623 d. 20.1.32. States that full information on all the points is required as the subject is a very important one and requests he to obtain the figures from London through the Executive Members & furnish the da to this office along with the annual repo & other particulars called for by this office

Yes A
MR
21.1.32.

2554

Genl. File No. 99 of 1930. | General and Revenue Secretariat

46 Draft to the Chief Inspector issued & file resented "with reference to paras 4 & 6 of the Member's minute on page 14 of the notes."

47 As regards "A" a search was made in the file headings of the annual years from 1910 onwards and the marginally-noted collections have been traced & are put up for Kind perusal.

48 As regards "B" the file will if approved be forwarded unofficially to the Comptroller for purpose of causing the note referred to in para 6 of the 1st Member's minute to be traced in his office and put up for the Member's perusal.

Yrkd for orders.
RAV.
21.1.32.

Genl 106-18 (1-2)
Genl 106-18 (5-9)

Genl. 94-22 E
" 47-26 7
" 77-28 5

Please make enquiries in the Comptroller's Office in person. KP
22.1.32.

47 A personal enquiry was made in the Comptroller's office and the file (No. 4 of 20-21) containing the note on royalty referred to by the 1st Member on page 4 of the notes (para 6) is obtained from the Comptroller's office and put up for Kind perusal. The corresponding file (Genl. 106-18) of our office which also contains a copy of the Comptroller's note is also traced and put up for perusal. After perusal the collection

Flag Y. This file was noted in Comptroller's office on 29.4.32 in person.
RAV.
2.5.32.

" H

General and Revenue Secretariat — Govt File No. 99 of 1930.

Serial No.

got from the Comptroller's office will be returned. The question relates to the levy of royalty of 2½% on profits realised by the Mining Companies in Mysore from investments made by them in or outside the State out of the profits of the mines in the State.

It is also for orders whether the two files of the Govt Secretariat (viz. 218/03-04 & 218B/03-04 mentioned on page 8 of Govt file 106-18-9) which relates to the rate and mode of levying royalty on gold produced by the Kolar Companies may be obtained from the Govt office for perusal, return when done with.

MVR.
29.1.32.

48A — Yes please
2
30/1/32

49
Forwarded with a draft to the Director for kind approval.
MVR.KD
30.1.32
1.2.32.

So done
2
1/2/32

To the Director of Geology. No. D.3843 d. 2.2.32. Requests him to send his office files on the above subject together with a history of the negotiations with the Mining Companies.

File No. 99 of 1936. | General and Revenue Secretariat

from the Chief Inspector of Mines. No. 2136/18 13
d. 16.5.32. With regd to Sl. 8 forwards for perusal (& return when done with) a set of Annual Reports of all the Gold Mines and also furnishes the history of each mine separately, together with statements showing all the annual payments made to Govt under the leases by each mine, the ratio of these payments to the annual profits earned by each Company during the whole period of its working & giving separately the taxes paid to the Exchequer not in the shape of rent on land including cesses, royalty on outputs dividends, income & super-taxes and states that the figures for income-tax paid to the Govt of Great Britain showing the portion debitable to each Company's tenants have not yet been received from England & are expected at an early date.

S-1
Refer _____ 1st Member's orders on pages 132
114 of the notes. The reply of the Director of Geology who has been requested to send his office file on the subject together with a history of the protracted negotiations with the Mining Corpn has not yet been received & he has been reminded on the matter.

Submitted for orders.

S-2 For perusal. Please file be awaited

Sd. 27.5.32. Sec-Secy)

S-3 Yes. pms 27/5 27/5 Sd 28/5/32

Serial No.

From the Chief Inspector of Mines
No — dated 14/10/32

~~Vide Copies~~ In continuation of Sl 13 above, as copies of Statements of Income-tax paid to the British and Mysore Governments from the commencement of operations to end of 1931

Subd with reference to para 31 above, regd. A reply from the Govt of Geol is still awaited. Kindl reference is invited to the Govt's letter dated 6/8/32 Geol R.

KP
20/32

Submd for perusal.
The Govt of Geology will be asked to expedite the Submn of the note promised

SS
19/10/32

V. Seeny)

T. M.)

A
20.10

L
20/10

Mud
21/10/32 A

24.10.

L
24/10

From the Govt of Agriculture
No 6141-83 dated 1/11/32

Ref to Sl 12 above, forwards a connected with the Protracted negotiations between the Mysore Govt & the K.G.F. Mining Company

13 89
16 29

1

File No. 99 of 193 0

General and Revenue Secretariat

in regard to the original and renewed contracts entered into between the two parties

Submd with reference to para 32 above

Two files referred to in the P.W.D. (File No 218 of 1903-04 Serial 16 29 and File No 218 B of 1903-04) have been returned to the Dist officer on being posted as desired by the Chief Secy. If approved the file with reference will be sent to the Accts Secy to A.G. after the posted copies are received from the Dist officer

SO NP
12/11/32

Put up on receipt of the posted copies of file from the Dist office
12/11/32

Submd.

The Geological Dept files No 218 of 1903-04 Serial 16-29 & No 218 B of 1903-04 are put up with a printed copy of the correspondence:

Other references mentioned in the P.W.D. have been sent to London as instructed by the Chief Secy. It seems no other copies of these are available in the Dist's office:

Submd with reference to para 32 above.

GS KP
11/11/32

Please Verify if all the mfr called for in first members meeting of 23/2/3

Serial No.

Paras 29 to 34 of the notes above have been read & put up. 23/11/32

Subd

Reference 1st member's minute dated 23/12/32 paras 29 to 34 above. All the information called for has been received as noted below.

Para 29. — Flag R.

Paras 30 & 31 — (a) Letter dated 18/11/31 from the chief inspector of mines flag L & its enclosure flag T

(b) letter dated 16/5/32 from the chief inspector of mines flag D and enclosure flag H.

Para 31. — (a) flag H. enclosure to letter dated 16/5/32 from the chief inspector of mines (flag D)

(b) letter dated 14/10/32 from the chief inspector flag G. and its enclosure flag J.

(a) Letter dated 25/7/31 from the Archaeological flag G & E

(b) Letter dated 1/11/32 from the Archaeological flag F. and its enclosures. Geological survey files No 218 B of 1903-04 and No 208 of 1903-04 are placed below flag Q. Other references relating to the gold mining leases before 1903 have been sent to London as desired by the chief Secy

A copy of the printed correspondence from Jan 1901 to March 1910 is placed below (flag N)

-60,000—13-8-31

24 Renewal of Coal mining leases

Govt. File No. 99 of 1930. | General and Revenue Secretariat

Para 34 —. Kind reference is invited to reference collection Govt 106–18 pages 0 + S. pages below. The complete note is flagged X.

DEWAN'S OFFICE 3829 27 DEC 1932

pp KJ 15/12/32

Submitted for orders as to whether the file may now be sent to the Pte Secy to H.H. All the papers called for in the First Members Minute of 28/12/31 (pages 29 to 34) of the note have been re-numbered herewith.

Dev. Secy) 16/12/32

Received in Council Secretariat 17 DEC. 1932 No. 4a.P.S.G.G.

This may be sent. KJ 17.12.32

17/12

Page numbers & Division.

23/12 KJ 26/12

24/12/32 KJ 28/12

Ch. Secy's Instruction

The portions to be marked may be examined, orders obtained & then the file sent to the P.S. to H.H. 29

Orders of Ch. Secy obtained on 31.1.33 & sent to Press. 5/2/33.

Two copies of Vol I were received on 24/1/33
Vol II on 3/3/33
Vol III on 2/3/33.

Two copies of the three Volumes were sent to the Press for publication

Serial No.

Memo No. 1180 95 G. 1932-33

Forwarded, with compliments to the Private Secretary to H. E. the Governor of Assam with reference to his letter dated 2nd. July 1931 ~~for~~ favour of opinion.

B

B Mukherjee
24/3/33

Dr Secy to Govt
Development Deptt
re

A Note received from Sir Charles Todhunter with his D.O. letter dated 17th April 1933 is placed in the file.

The papers may be submitted to Mr Dewan on his return from England where he hopes to obtain further views in the matter

To Dev Secy with compliments

New
19/4/33
Asst.
20.4.33.

Resubd as directed above

W K D
11/10/33. Dev: Secy)
Dewan,

Secy. 11/10/33

File

Asst.
11.10.33.

Secy
12/10.

23/11

Asst. 24.11.33

Secy 24/11

B.

GENERAL SECRETARIAT
14 AUG. 1934
DEVELOPMENT BRANCH.

Note—Contn. Sheet.

WD 70—GBPM—60,000—13-8-31.

Note on the renewal of the K.G.F. mining leases

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Subd with reg to the order of the Chief Secy dated 27/11/31

(1) Points stated

The present K.G.F. mining leases will expire on the year 1940.

Remd reg is invited to letter dated 19/6/31 from Messrs John Taylor & Sons, London (Secy M.) they had submitted the following points for the consideration of Govt

(1) As the mining works have reached a great depth below the surface, the time and money required for schemes of exploration & development are great in excess of the requirements in 1901. The company wants to know whether the leases would be renewed in order to enable them to decide the scale of expenditure upon further exploration & development work

(2) As the cost of working the deep mines is ever increasing the mining companies are of opinion that

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

G. R. S. VII.—[414]

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

GENERAL AND REVENUE SECRETARIAT,

Dated Bangalore,.....191

No.....

FROM

Secretary to the Government of
H. H. the Maharaja of Mysore,
Department,
Bangalore.

To

First Assistant to the Hon'ble
the Resident in Mysore,
Bangalore.

SIR,

I am directed to forward herewith three statements relating to the Cotton Goods produced in the Cotton Mills in the Mysore State during the month of.....

191

I have the honor to be,
Sir,
Your most obedient servant,

Secretary to Government.

WD 02214—GPB—500—19-8-16

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

than formerly & the amount available for dividends has declined.

3. Revision of the terms of the U.-of-F. mining leases to make the royalty more dependent upon profits & less dependent upon the realised sale value of the gold output.

4. To appoint necessary relief Native Organiser & Babylon-mining Commissioner, a royalty upon gold output calculated upon a sliding scale be substituted for the terms of the present leases.

Note: The Babylon-mining Co. has ceased to work & their properties were assigned to the Sandydrop mining Co.

The sliding scale of royalty upon gold output be based upon the degree of ~~profit~~ prosperity of the operators

The letter was sent U.O. to the Principal Sec to H. H. for opinion. He required the following information—

G. R. S. VII.—s-1/14]

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

GENERAL AND REVENUE SECRETARIAT,

Dated Bangalore,.....191

No.....

FROM

Secretary to the Government of
H. H. the Maharaja of Mysore,
Department,
Bangalore.

To

First Assistant to the Hon'ble
the Resident in Mysore,
Bangalore.

SIR,

I am directed to forward herewith three statements relating to the Cotton Goods produced in the Cotton Mills in the Mysore State during the month of.....

191

I have the honor to be,
Sir,
Your most obedient servant,

Secretary to Government.

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

d) Note on the negotiations accompanying each of the previous agreements

Print. file

e) a complete history of each Company with figures for every year.

3) A collection of the Companies' reports—

~~The above information required~~

We are in need of the above particulars & must have furnished the ~~above~~ information required (vide the file put up)

Head Office is also written ~~to a Local Native Author~~ by to the Note of the Board by Sir H. H. Johnston.

2. Papers needed

~~A~~ Copies of some of the papers in the file were taken by the Diwan and the Chief Secy copies of

Some of the papers in the file were sent to London under the orders of the Diwan when he was there

The branch is not aware of the ~~points~~ discussions that took place between the Diwan & the Mining companies for which the

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

4

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisition , etc., not intended for permanent record.]

the further renewal of the
mining leases
3. The present stage

23/11/33 The Chairman has ordered
that the papers may be
filed

Sd

27/11/33

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Ballabrooie,

Bangalore, 2nd July 1931.

D 66

DEWAN'S OFFICE 4 JUL 1931

My dear Mirza,

I have read Messrs. John Taylor and Sons' letters, which I return herewith, but I feel that I should require a good deal more information before I could express an opinion, and that even when I had it, the opinion would not be worth a great deal.

On the Taxation Enquiry Committee we found mining royalties to be the most baffling of all the problems set to us, and I may say that I regard the chapter on that subject as the weakest part of the Committee's Report.

In the present case the general problem is complicated by the fact that you have a group of companies of very long standing, which it would be quite out of the question to replace, while at the same time you are to some extent bound by precedents and by a series of previous agreements, some of which I gather were not altogether satisfactory from the point of view of the State.

Two pieces of material that seem to be necessary for a proper examination of the case are (1) a note on the negotiations accompanying each of the previous agreements, and (2) a complete history of each company with figures for every year. I don't mean to say that the figures quoted in Messrs. John Taylor and Sons' letters are not really typical, but it is always best to take the whole series and not to be content with isolated years. A third item that would be very valuable is a collection of the Companies' reports. My recollection of the extracts I have seen from them in the newspapers is that the prospects they hold out to shareholders are by no means so gloomy as those now put forward.

Subject to the above, the State and the companies are to a great extent partners in the undertaking, the one providing the land for exploitation, the other providing the machinery and labour by which the exploitation is carried out. That being so, I think that taxation on a profit-sharing basis is certainly the fairest way, and this is practically what the companies propose. The question is what the rate should be. As to that, if it does not involve too much work, I would suggest that an attempt be made to work out for a long series of years what is the proportion borne by payments under the lease deed plus income tax to the profits earned. It might be possible on this basis to arrive at an average figure which it would be reasonable to impose as the total taxation on the company, and then to arrive at the lease amount by deducting the income tax from that.

Meanwhile I think it is worth while to consider the question whether it is really necessary to give the companies an immediate answer. It is quite true that, if they threw up the leases, you would not be likely to get any other lessee. On the other hand I think you may take it for granted that they will not throw away the capital they have already sunk so long as there is any chance of making a profit in the future. Nor need the suggestion that they will exploit the mines to exhaustion between now and 1940 be taken too seriously. If they did so, you would any way get your royalties.

no, make no comment.

of course not.

Bluff.

Yours sincerely,

G Rodenhurst

General and Revenue Secretariat	File No.	of 193	[App. F. III—2
Serial No.			

A. P. F. VI. G1}

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *192*

Date of issue 8.7.31

Signed by Mr. M. M. J.

List of enclosures.....

Copied by .....

Examined by .....

Section

File No.

Serial No.

No. 94.

To Henry C. Taylor Esq.

Dear Mr Taylor,

I have rec^d your letter dated the 19th June last and the official communication which accompanied it.

The question is one which requires a good deal of thought. It is under consideration, and a reply will be sent to you in due course.

I expect to be in England early in September and am looking forward to the pleasure of seeing you again when I am there.

With kind regards

over Yours sincerely

Sd. Sir Akbar Hydari

Dewan

AH 6.7.31

WD0325—GPB—30,000—26-5-27

Appendix F G—1

SUBJECT.....

.....

.....

Section Geol

File No. 99-30

Serial No. 2

No. D 278-9

Diary No. of letter replied to 66

General and Revenue Secretariat

( )

the *193* ..

Date of issue 15/7/31

Signed by C. B. N.

To The Offg Director of Geology

2) The Chief Inspector of Mines

Sir,

I am directed to ~~state~~ request you to be so good as to favour Govt. with, ~~for favouring~~:

1. a note on the negotiations connected with each of the previous K.G. 2 mining leases;

2) a complete history each Company with figures representing output, value, & Royalty paid each year from the year of starting and ~~over~~

List of enclosures.....

Copied by [signature] 15/7/31.

Examined by Subject to approval

3) A Complete set of the annual reports of each gold mining Company on the K-S-2

This requisition may kindly treated as "Very Urgent"

Thanks etc

C/14/7

Yours faithfully

Fair draft

19

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

No. D. 278-9/Gel 99-30-1 General and Revenue Secretariat,

Dated, Bangalore, 15th July *193* 1.

FROM

The *Secretary to the Government of His Highness the Maharaja of Mysore,* Development *Department.*

To

The Chief Inspector of Mines,

KOLAR GOLD FIELDS.

SIR,

I am directed to request you to be so good as to favour Government with,

1. a note on the negotiations connected with each of the previous Kolar Gold Fields Mining leases;

2. a complete history of each company with figures -- representing output, value, and Royalty paid each year from the year of starting, and

3. a complete set of the annual reports of each gold mining company on the Kolar Gold Fields.

This requisition may be kindly treated as "very urgent".

I have the honour to be,
Sir,
Your most obedient servant,

for Secretary to Government,
Development Departments.

A.M.R.4.
15/7.

Jan augh

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

No. D. 278-9. 20

General and Revenue Secretariat,

Dated, Bangalore, 15th July *193* 1.

FROM

The *Secretary to the Government of His Highness the Maharaja of Mysore,* Development *Department.*

To

The Offg. Director of Geology in Mysore,

BANGALORE.

SIR,

I am directed to request you to be so good as to favour Government with,

1. a note on the negotiations connected with each of the previous Kolar Gold Fields Mining leases;

2. a complete history of each company with figures -- representing output, value, and Royalty paid each year from the year of starting, and

3. a complete set of the annual reports of each gold mining company on the Kolar Gold Fields.

This requisition may be kindly treated as "very urgent."

I have the honour to be,
SIR,
Your most obedient servant

157

for Secretary to Government,
Development Departments.

Geol 99-30 -3

21

GEN.& REV SECTT. AT.
21 JULY
DEVELOPMENT BRANCH.

D 2877

GOVERNMENT OF MYSORE.

Telegraphic Address :—
"MINESPECTOR"

DEPARTMENT OF MINES AND EXPLOSIVES.
OFFICE OF THE CHIEF INSPECTOR OF
MINES IN MYSORE.

21/7

No. 141.
Encl :—

Dated Oorgaum, 18th July *193* 1.
(S. India).

FROM

C. E. SURYANARAYANA-RAU, ESQ., Mem. A.I.M.E., &C.,
Chief Inspector of Mines in Mysore.

To

D. Srinivasa Iyengar, Esq., B.A.,
Secretary to the Government of
His Highness the Maharaja of Mysore,
Development Department,
BANGALORE.

Sir,

With reference to your letter No.D.278-9/Geol.99-30 dated 15-7-1931, calling for certain particulars in respect of Mining Leases issued to the various Gold Mining Companies on the Kolar Gold Field, I have the honour to state that a note on the subject is being compiled, which will be submitted to Government during the course of next week.

I have the honour to be,

Sir,

Your most obedient servant,

C E Suryanarayana Rao

CHIEF INSPECTOR OF MINES
IN MYSORE.

General and Revenue Secretariat | File No. | of 193 | [App. F. III—2

D. M. E. 14.]

Ref 99-30-4

DEPARTMENT OF MINES AND EXPLOSIVES.

OFFICE OF THE CHIEF INSPECTOR OF MINES IN MYSORE.

O.No. 162

Dated Oorgaum, 21st July 1931.

Dear Sir,

In continuation of my letter No.141 dated 18th July 1931 regarding information required in respect of Mining leases issued to the several Gold Mining Companies on Kolar Gold Field, I beg to state that it seems desirable to take personal instructions of the Member in this connection. I am therefore to request you to be so good as to obtain permission for me to wait upon the Member on any day suiting his convenience. If the permission is granted, the time and place of meeting may kindly be intimated.

Yours sincerely,

C E Suryanarayanaiah

D. Srinivasa Iyengar, Esq., B.A.,
Secretary to the Government of His
Highness the Maharaja of Mysore,
Development Department,
Bangalore.

Subd. for orders
22-7-31

Ref 25-30-S-23

23rd July 1931. xxxx

Dear sir,

With reference to your letter dated 21st instant desiring to know when you can wait upon the Member to receive instructions regarding Mining leases issued to the several Gold Mining Companies, I am desired to inform you that you may meet the First Member of Council in his chamber in the Public Offices on Tuesday the 28th instant, at 3 P.M.

Yours sincerely,

C.E. Suryanarayana Rao, Esq., B.A.,
Chief Inspector of Mines in Mysore,
Oorgaum. (K.G.F.)

GOVERNMENT OF MYSORE

Telegraphic Address:—"GEOL."

MYSORE GEOLOGICAL DEPARTMENT.

No. 6039-5
Ein two

Bangalore, ...22nd.....J...u...l...y..... ...193 1
25

D 357

DEVELOPMENT SECRETARY
25 JUL 1931

From

A. M. SEN, Esq., M.Sc., F.G.S., etc.,
Offg. *Director of Geology in Mysore,*
Bangalore.

GEN. & REV. SECRETARIAT
25 JULY 1931
DEVELOPMENT BRANCH.

To

D. Srinivasa Iyengar, Esq., B.A.,
Secretary to the Government of His Highness
the Maharaja of Mysore,
Development Department,
Bangalore.

In reply to your letter No.D.278-9/Geol 99-30 dated 15th July 1931 in regard to the Kolar Gold Field Mining leases, I have the honour to state as follows:-

2. The Chief Inspector of Mines who, I understand, has been in receipt of a similar requisition from you, will be complying with the items 2 and 3 of the letter - History of each company with statistical information and sets of annual reports.

3. Regarding item No.1 - Note on the negotiations connected with each of the previous K.G.F. mining leases -, I am not clear as to what exactly is wanted, since it is not known why this information is required. A succinct note on the history of the K.G.F. mining leases from the commencement in 1873 has been given in the Departmental Bulletin No.11 (pages 11 to 14 under the head "Royalty", copy of this book has already been forwarded to your office in March this year) and I would now invite your kind attention to the same. This brings the history of the Kolar leases up to their renewal in 1910 and I think this much information will suffice, so far as the past history is concerned.

I hereunder give what has happened since 1910 up to the present.

4. In pursuance of the memorandum of Agreement of December 1901 and subsequentky correspondence on the subject of the renewal of the old leases, fresh leases Nos.120 to 132 were issued as hereunder taking effect from 22nd March 1910 for a term of 30 years in a particular form of lease approved by Government and based on the old lease form. The leases are:-

Sl. No.	No. of leases.	Name of lessees.
1.	120	The Balaghat Gold Mining Co. Ltd.
2.	121	The Champion Reef Gold Mining Co. of India, Ltd.
3.	122, 123, 124, 125 and 126.	The Gold Field of Mysore and General Exploration Ltd.
4.	127, 128	The Mysore Gold Mining Co. Ltd.
5.	129, 130.	The New Kempinkote Gold Field Ltd.
6.	131.	The Nundydroog Co. Ltd.,
7.	132.	The Goregaum Gold Mining Co. of India, Ltd.

5. Subsequently by an assignment dated 25th May 1917 the Mysore Gold Mining Co. came into possession of leases Nos.129 & 130.

6. Similarly the Nundydroog Co. acquired lease No.123 by an assignment dated 23rd February 1927.

7. The other four blocks held by the Gold Field of Mysore Co. viz., Golconda, Victoria, Neutral and South, (leases Nos.122, 124 125 and 126) were apportioned among the five working companies as hereunder:-

> The four leases were surrendered to Government and fresh leases covering portions of the blocks were granted to Mysore, Champion Reef, Ooregaum & Nundydroog companies under leases Nos.134, 135, 136 and 137 and residues of the blocks retained by the Gold Field of Mysore Co. under fresh leases Nos.138,139 and 140. This was on 17th April 1912.

On 28th April 1917 a further strip of Golconda block was given away to Balaghat Co. This was effected by the surrender of lease 138 and grant of fresh leases -146 to Balaghat and 145 to Gold Field of Mysore (Golconda residue).

The Victoria block Mining lease 139 and the Golconda residue block Mining lease 145 were acquired by the Nundydroog Co. by assignment dated 23rd February 1927.

The South block Mining lease 140. - A portion of this was given to the Mysore Gold Mining Co. and the residue retained. This was effected by the surrender of lease 140 and grant of fresh leases Nos. 151 and 152 on 11th March 1919.

On 23rd February 1927 the south block residue under lease 152 was transferred to the Mysore Gold Mining Co. by an assignment.

Thus the 13 blocks granted in 1910 to seven companies enewed leases 120 to 132 came into possession of the five es now working on the field as hereunder:-

Mysore Gold Mining Co.	127, 128, 129, 130, 134, 151 & 152.
Champion Reef Co.	121, 136.
Ooregaum Co.	132, 137.
Nundydroog Co.	131, 123, 135, 139, 145.
Balaghat Co.	120, 146.

9. The Nundydroog Co., in addition to the leases above mentioned got into possession of lease No.143 -Tank block residue, granted on 3rd November 1913 for 27 years from 22nd March 1913.

10. In 1922 the three leases of the Nundydroog Co., Nos. 131, 135 and 143, having been surrendered to Government, fresh leases covering portions of the blocks were granted to the Nundydroog Co. and the Balaghat Co. under Nos. 162 and 163

11. So then the present situation is as follows:-

The Mysore Gold Mining Co.	127, 128, 129, 130, 134. 151, and 152.
Champion Reef.	121 and 136.
Ooregaum	132 and 137.
Nandydroog	123, 139, 145 and 162.
Balaghat	120, 146 & 163.

12. The above leases are granted in the special form approved by Government in 1910 based on the previous leases, the special features of which are:-

i Annual rent of 8 annas per acre with local cesses and other taxes.

ii Royalty of 5% on net sale proceeds.

iii Royalty of 2½% on declared dividends.

iv No dead rent.

v Option to lessee to surrender application giving 6 months notice.

vi On application one year prior to termination lessors to give a renewed lease for another 30 years in such form and subject to such royalty and other payments and such terms as may be agreed upon at the time.

13. All the above leases are due to terminate on 22nd March 1940.

14. The Mysore Gold Mining Co., in addition to the leases held as above noted, hold two other leases and they are (1) The East Betaraya Swamy block mining lease No.118 and (2) The Mysore East block Mining lease No.144.

15. The East Betaraya Swamy Block. This was originally granted to Messrs. Paul Knight and Robert Knight of Calcutta on 4th September 1909. The Mysore Co. acquired it under an assignment deed dated 12th June 1918.

16. The Mysore East Block. This was granted to the Mysore Gold Mining Co. on 25th November 1915.

17. The above two leases were granted under the rules of March 1904 and October 1910 respectively the special features of which are:-

i Annual rent of rupee one per acre with local and other cesses.

ii Royalty:-
(a) E.B. block. No royalty until net profits are realised.

(b) Mysore East. 5% on net sale proceeds and 2½% on dividends. This was a deviation from the rules.

iii Dead Rent. Not exceeding Rs.5/- per annum per acre.

iv. Determining lease at the option of the lessee at the end of any year after 6 months notice.

v Renewal for another 30 years on terms as the lessors may prescribe.

vi Term 30 years.

18. There is also another lease current for gold in this area and that is No.119 granted to and held by Hajee Sir Ismail Sait of Bangalore. It was granted on 9th November 1910 under the rules of 1904.

19. A map showing the several blocks held by the five companies and a statement showing the areas and other particulars relating to the leases held by each company are also appended hereto.

20. It is hoped the above note will serve the purpose

purpose for which it is required.

I have the honour to be,

Sir,

Your most obedient servant.

Offg. D i r e c t o r,

Mysore Geological Department.

Bs.22/7

Serial No.	No. of lease	Name of Block	Name of lessee or Assignee	Extent of block in acres
1	120	N. Balaghat	The Balaghat Gold mining Co. Ltd	1328·32
2	121	Champion Reef	The Champion Reef Gold mining Co. Ltd	742·86
3	123	Ajjapalli	The Nundydroog Co. Ltd	748·14
4	127	South Mysore	The Mysore Gold mining Co. Ltd	328·97
5	128	Mysore	Do	1282·94
6	129	South Kempinkote	Do	327·79
7	130	Kempinkote	Do	688·12
8	132	Oorgaum	The Oorgaum Gold mining Co. Ltd	450·72
9	134	Mysore Western	The Mysore Gold mining Co. Ltd	790·96
10	136	Champion Reef Western	The Champion Reef Gold mining Co. Ltd	351·75
11	137	Oorgaum Western	The Oorgaum Gold mining Co. Ltd	480·46
12	139	Victoria	The Nundydroog Co. Ltd	255·69
13	145	Golconda	Do	363·09
14	146	Balaghat Western	The Balaghat Gold mining Co. Ltd	238·92
15	151	Mysore Southern boundary	The Mysore Gold mining Co. Ltd	283·28
16	152	South	Do	1685·82
17	162	Consolidated of the Nundydroog, Nundydroog Western and Tank blocks	The Nundydroog Co. Ltd	1241·23
18	163	Northern portion of Nundydroog Western	The Balaghat Gold mining Co. Ltd	250·85
19	118	East Betaraya Swamy	The Mysore Gold mining Co. Ltd	2164·5
20	144	Mysore East	Do	642·0
21	119	Krishnarajpur	Hajee Sir Ismail Sait	222·5

Bangalore
23rd July 1931

on the Kolar Gold Field
1st July 1931.

Annual Rent Rs as	Date of lease	Term of lease	Date of expiry	Remarks
64 8	25-10-1910	30 years from 22nd March 1910	22.3.1940	
71 8	Do.	Do	Do	
74 8	Do	Do	Do	
59 8	Do	Do	Do	
41 8	Do	Do	Do	
64 0	Do	Do	Do	
144 8	Do	Do	Do	
125 8	Do	Do	Do	
95 8	17-4-1912	Do	Do	
76 0	Do	Do	Do	
40 8	Do	Do	Do	
28 0	Do	Do	Do	
82 0	28-4-1917	25 years from 22-3-1915	Do	
19 8	Do	Do	Do	
42 0	11-3-1919	22 years from 22-3-1918	Do	
243 0	Do	Do	Do	
21 0	9-11-1922	19 years from 22.3-1921	Do	
126 0	Do			
165 0	4.9-1909	30 years from 4.9-1909	4.9-1939.	
142 0	25-11-1915	30 years from 25-11-1915	25-11-1945	
223 0	9-11-1910	30 years from 9-11-1910	9-11-1940.	

A.M.Lees
Hg. Director,
Mysore Geological Dept.

Appendix F G—1]

SUBJECT .....

.....

.....

Section Genl.

File No. 99-30.

Serial No. R

Diary No. of letter replied to ..... D.O. No 10269

General and Revenue Secretariat

( )

the 193

Date of issue 28/10/31

7 Aug I

Signed by .....

To

The Chief Inspector of Mines in

Mysore, Bangalore.

Sir,

In inviting your reference to this office letter No. D. 278-9/Genl. calling for certain particulars 99-30-2 dt. 15.7.31 in connection with the mining leases issued to the various gold Mining Companies on the K.G.F., I am desired to request that the statements pertaining to dividends etc., ~~asked to be submitted by you~~ required be furnished at the meeting with the ~~previous~~ last Member of Council held on 28.7.31 may kindly be ~~sent~~ called at an early date.

Yours sincerely,

27/10/31

GPBM—40,000—20-7-31.

Geol 99-30

D. M. E. 31.]

Telegraphic address:
"MINESPECTOR."

DEPARTMENT OF MINES AND EXPLOSIVES.

OFFICE OF THE CHIEF INSPECTOR OF MINES
IN MYSORE.

D.O. No 691.

Dated, Oorgaum, 31st October 1931.

D 1657

GEN. & REV. SECRETARIAT.
2 NOV. 1931
DEVELOPMENT BRANCH.

Dear Sir,

Re: Gold Mining Leases - Kolar Gold Field.

2/11/31

With reference to your D.O. letter No.2169/Geol.99-30 dated 28th instant, I beg to state that the statements pertaining to dividends, etc., called for in connection with the Mining Leases issued to the various Gold Mining Companies on the Kolar Gold Field are under compilation and the same will be submitted to Government at an early date.

I understand from Mr. Ralph Nye, Executive Member, that the question of a representative of Messrs John Taylor & Sons coming out to India in the near future is still undecided owing to the sudden demise of Mr. Arthur Taylor, who was expected to come out here this winter in this connection.

Yours sincerely,

C S Srinivasaraghavalu

Kesaviengar, Esq., B.A.,
Secretary to the Government of His Highness
the Maharaja of Mysore, Development Department,
B A N G A L O R E.

Appendix F G—1]

SUBJECT .....

.....

.....

Section Govt.
File No. 97-30.
Serial No. R

Diary No. of letter replied to 1658 D.O. No. R 2356

General and Revenue Secretariat

( )

the *193*

Date of issue 16.11.31

Signed by M. R. Ry

To

The Chief Inspector of Mines in
Mysore, Bangalore.

Dear Sir,

With ref to your D.O.
letter No. 691 d. 31.10.31 regarding
Gold Mining leases of the K.G.F.
I am desired to observe that the
submission of the statements re-
lating to dividends etc., has al-
ready been delayed owing to tooling
and to request
to this office
that the same may be forwarded
without further delay.

yours sincerely,

13/11/31

Geol 99-30-7

GOVERNMENT OF MYSORE.

D 1857 REV. SECRETA 35

19 NOV. '31

Telegraphic Address:—
"MINESPECTOR"

DEVELOPMENT BRANCH.
DEPARTMENT OF MINES AND EXPLOSIVES.
OFFICE OF THE CHIEF INSPECTOR OF MINES IN MYSORE.

No. 799
Encl:— 13 (Sent separately).

Dated Oorgaum, 18th November 1931.
(S. India).

DEVELOPMENT SECRETARY. FROM 19. NOV. 1931

C. E. SURYANARAYANA RAU, Esq., Mem. A.I.M.E., &c.,
Chief Inspector of Mines in Mysore.

To 19/11
K. T. Kesaviengar, Esq., B.A.,
Secretary to the Government of His Highness
the Maharaja of Mysore, Development Department,
BANGALORE.

Sir,

GOLD MINING LEASES, KOLAR GOLD FIELD.

With reference to correspondence ending with your D.O. letter No.D.2356 dated 14/16th November 1931 on the above subject, I have the honour to submit herewith the following statements for the information of Government:-

1. One set of 5 statements, one for each of the 5 mines, viz:, Mysore, Champion Reef, Ooregum, Nundydroog and Balaghat, showing the capital invested, output, its value, dividends paid including rate per cent on different classes of shares and the total Royalty paid from the commencement of operations to the end of the calendar year 1930. These statements have been compiled from the figures published in the annual reports of this Department and also from the Directors' (Gold Mines) reports. These statements contain full particulars called for in your letter No.D.278-9 Geol.99-30 dated 15th July 1931.

2. One set of six charts - one for each mine and one for all the mines showing the assay value and the working costs per ton of ore crushed. The curves in these charts are drawn to scale and the intervening space between the two curves

curves in each of the charts represents at a glance the margin of profit in shillings per ton of ore crushed for every year. The vertical scale represents shillings per ton and the horizontal scale the period of operation. These curves are plotted from the statistical tables published in the annual reports of this Department. They reveal the exact position of each mine from the commencement of operations to the end of 1930. It will be seen that the present position of Ooregum and Balaghat mines is far from satisfactory.

In addition to the above a set of interesting supplementary statements compiled in respect of the Mysore Gold Mining Company, Ltd., shewing particulars under various important heads of expenditure are also submitted. The compilation of these special statements necessitates a close search among the old records of the mining accounts and if these are found useful, similar statements in respect of other mines will be compiled and submitted, for information.

I have the honour to be,

Sir,

Your most obedient servant,

C E Srinivasaraghavalu

CHIEF INSPECTOR OF MINES

IN MYSORE.

D.S.R.

Appendix F·G—1

SUBJECT.....

.....

.....

Section Govt.

File No. 99-30.

Serial No. 8

No. D.3345

Diary No. of letter replied to 1859

General and Revenue Secretariat

( )

the *193*

Date of issue 2.1.32

Signed by Mr. B. Muddu Krishnappa

List of enclosures Flag I

Copied by.....

Examined by.....

To

The Chief Inspector of Mines

in Mysore, Bangalore, K.

Sir,

With reference to your l

ter No. 799 d. 18.11.31 submi

ting for the information of

Govt certain statements with

charts ~~from~~ in connection with the Kemmat mines i

the K.G.F. in response to this

plex letter of No. D. 278-9/Govt

99-30-2 d. 15.7.31, I am di

rected to state that the infor

ation furnished by you is not

in accordance with what was called

[over

in the above letter. I am to request
you thereupon to be so good as to furnish
~~as requested therein~~ a complete set of
the annual reports of all the mining Companies together with a ~~full~~ Comprehensive
~~plete~~ history of each Company. As re-
gards the ~~Otts~~ "sold by you I am to
obtain point out that they do not fur-
nish all the particulars required and to request that they
may kindly be got prepared in
such a manner as to show all
Payments to be made to Govt un-
der the leases, ~~Royalty~~ Royalties, rent on land, ro-
yalty (or output) on dividends) income & Dupent taxes, separately. ~~therein~~

The ratio of all these payments
the annual profits carried & each company has to be calculated
in all the years during which the
mines have been working. I am to add
that the taxes paid to the Mysore Govt
well as those paid to the Govt of
Great Britain which have now been
united together in the ~~Otts~~ "should also be
shown separately in the ~~Otts~~ "

(As the question of is of very great importance

G. R. S. App F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(Continuation sheet draft form.)

~~I as the information is called for in writing furnished to Sir Ch~~

~~The renewal of the K. G. Mining leases is an important matter~~ I am to request that the matter may be treated as very urgent and the information called for furnished as expeditiously as possible.

I have etc.

31/12/31

for Secy to Govt.

~~As the information is required in connection with the renewal of the K.G. Mining leases it may be kindly supplied expeditiously~~

D.3345/yrt.99-30-8

2nd January 1932.

The

The Chief Inspector of Mines in Mysore,
Oorgaum, Kolar Gold Fields.

With reference to your letter No. 799 dated 18th November 1931 submitting for the information of Government certain statements with charts in connection with the several mines on the Kolar Gold Field in response to this office letter No. D.278-9/ Geol. 99-30-2 dated 15th July 1931, I am directed to state that the information furnished by you is not in accordance with what was called for in the above letter. I am to request you therefore to be so good as to furnish a complete set of the annual reports of all the Mining Companies together with a comprehensive history of each Company. As regards the statements submitted by you I am to observe that they do not furnish all the particulars required and to request that they may kindly be got prepared in such a manner as to show all the payments to be made to Government under the leases such as rent on land, Royalty (on output and on dividends) and income and super taxes, separately. The ratio of all these payments to the annual profits earned by each Company has to be calculated for all the years during which the mines have been working. I am to add that the taxes paid to the Mysore Government as well as those paid to the ~~xxxxxxx~~ Government of Great Britain which have now been clubbed together in the statements should also be shown separately.

As the question is of very great importance, I am to request that the matter may be treated as ~~xxx~~ very urgent and the informa-

information called for furnished as early as possible.

I have the honor to be,

Sir,

Your most obedient servant,

Fair dft

for Secretary to Government,
Development Department.

C.R.G.2.

Geol 99-30-9 42

D. M. E 7.]

DEPARTMENT OF MINES AND EXPLOSIVES.

Telegraphic address ;—
"MINESPECTOR."

OFFICE OF THE CHIEF INSPECTOR OF MINES IN MYSORE.

No. 1078.
Encl.

Dated Oorgaum 6th January 1932.
(S. India.)

D 2506

FROM

C. E. Suryanarayana Rau, Esq., Mem.A.I.M.E., &c.,

CHIEF INSPECTOR OF MINES IN MYSORE.

DEVELOPMENT SECTION 7 JAN 1932

GEN. & REV. SECTION 7 DEVELOPMENT BRANCH

B. T. Kesaviengar, Esq., B.A.,
Secretary to the Government of His Highness
the Maharaja of Mysore, Development Department,
B a n g a l o r e.

P/67 7/1/32

Sir,

RE: GOLD MINING LEASES, KOLAR GOLD FIELD.

With reference to your letter No.D.3345/Geol.99-30-8 dated 2nd January 1932 on the above subject calling for detailed statements showing all the payments to be made by each of the Mining Companies to Government under the Lease terms and also income and super taxes and the ratio of these to the annual profits earned by them, I have the honour to state that particulars in respect of ground rent on mining lands together with cesses are not available in this office. These are being realized by the Mysore Geological Department and the Director of Geology has been requested to furnish this information early.

Regarding the amounts of incometax and super tax paid by the Mining Companies the figures relating to these have been obtained from the Deputy Commissioner of Incometax, Kolar District, since the year 1920-21. The figures already submitted under the head "Incometax" were taken from the "Directors' Reports of the Mining Companies and include the income and super taxes paid to the Government of Mysore. The Executive Member, Messrs. John Taylor & Sons' Committee, Oorgaum, who was requested to furnish figures separately in respect of the incometax paid to the Government of Great Britain says that these are not available here and the same have to be obtained from the London Office. He also explains that the figure under incometax in the

Directors'

Directors' reports of the Mining Companies is arrived at after making certain adjustments, full particulars of which are not available in his office.

Until these figures are to hand it is not possible to prepare the statements on the lines indicated in the letter under reply. All the other figures are ready-and as soon as the particulars called for from the Director, Department of Geology, and the Executive Member are received the statements will be completed and submitted to Government.

A brief history of each Mining Company is being compiled and th same will be submitted to Government along with the reports of the Companies.

I have the honour to be,

Sir,

Your most obedient servant,

C E Srinivasaiah

CHIEF INSPECTOR OF MINE

RS IN MYSORE.

D.S.R.

Fee 99-30-10

D.M.E. 34]

Telegraphic address:
"MINESPECTOR."

DEPARTMENT OF MINES AND EXPLOSIVES.

OFFICE OF THE CHIEF INSPECTOR OF MINES IN MYSORE,

No. 1166
Encl. one.

Dated Oorgaum, 11th January 1932.
(S. India)

D 2554
GEN. & REV. SECRE
12 JAN.
DEVELOPMENT BRANC

FROM

C. E. Suryanarayana Rau, Esq., Mem.A.I.M.E., &c.,
CHIEF INSPECTOR OF MINES IN MYSORE.

DEVELOPMENT SECRE
12 JAN.

To

B. T. Kesaviengar, Esq., B.A.,
Secretary to the Government of His Highness
the Maharaja of Mysore,
Development Department,
B a n g a l o r e.

12/1/32

Sir,

RE: GOLD MINING LEASES, KOLAR GOLD FIELD.

In continuation of my letter No.1078 dated 6th January 1932, I have the honour to enclose herein copy of letter No.260 dated 8th January 1932 received from the Executive Member, Messrs. John Taylor & Sons' Committee, Oorgaum, re: furnishing separately of figures of payments of Income Tax to the Governments of Great Britain and Mysore and to enquire whether Government would still desire to get these figures from London Office in the light of the explanation given by the Executive Member.

I might also state that as soon as the figures relating to the rent on mining lands are received from the Director, Mysore Geological Department, I can have the ratio of payments to the Mysore Government compared with the annual profits of each of the Mining Companies worked out and sent to Government by adopting the incometax figures received from the Deputy Commissioner of Incometax, Kolar District so far as Mysore Tax is concerned.

I have the honour to be,

Sir,

Your most obedient servant,

C E Suryanarayana Rau

CHIEF INSPECTOR OF MINES

Letter No.260 dated 8th January 1932 from the Executive Member, Messrs. John Taylor & Sons' Committee, Oorgaum, to the Chief Inspector of Mines in Mysore, Oorgaum.

----: o :---

I have the honour to acknowledge receipt of your letter No.1054 of the 5th instant and to inform you that the full information which you ask for is only available in London but if Government still require it I shall be glad to write for it.

I may mention at once that the Income Tax debit in the published Accounts covers both British and Mysore taxes after giving effect to the necessary adjustments according to the Dominion Income Tax Relief convention and also after deducting such proportion of the total as is recover from the Shareholders' Dividends by process of deduction.

In view of this latter deduction it follows that the debit for tax does not represent the total burden of Income Tax on the Company as may be illustrated by the following example taken on the basis of the tax rates current in 1929 and 1930. Imaginary figures are used.

British Income Tax at 4/ (s.) in £		£ 28,252
Mysore Income and Super Tax converted at 1/6 (s.d.) to the Rupee	..	£ 14,184
		£ 42,436
Deduct:-		
Rebate collected from British Govt. under the Dominion Income Tax Relief convention	£ 13,651	
Do. from Mysore Government	£ 3,758	
		£ 17,409
Nett amount being actual cost of Incometax		£ 25,027
Deduct proportion of the above collected from Shareholders by deduction from amounts distributed to them in dividend	..	£ 19,062
Balance debited in the Company's Accounts		£ 5,965

Note:- The reason why the whole amount of tax is not recovered

from the Shareholders by deduction from the dividends is that that the amount of profit on which tax is assessed is higher than the amount distributed in Dividends on account of certain transfers to Reserves and other allocations including tax on Royalty not being accepted by the Income Tax authorities as deductible from profits for the purpose of assessment.

----: o :-----

"Copy"

C S Rau

Chief Inspector of Mines
in Mysore.

R.S

M.

Appendix F G—1

SUBJECT.....

.....

.....

Section Geol

File No. 99-30.

Serial No. P 11

No. R-3623

Diary No. of letter replied to 2554

General and Revenue Secretariat

( )

the *193*

To

The Chief Inspector of Mines in Mysore, Oorgaum, K.G.F.

Date of issue 20.1.32

Signed by W. B. Wathen

Sir,

With reference to your letters Nos. 1078 & 1115 d. 6.1.32 & 11.1.32 respectively stating that you have requested both the Offg. Director of Geology and the Executive Member, Messrs. John Taylor & Sons' Committee, to furnish the particulars called for by this office in connection with the K.G.F. Mining Leases, and that the ~~magnificos~~ latter has replied to say that figures re:

List of enclosures.....

Copied by.....

Examined by.....

[over

income taxes paid to the Govt of Great Britain are not available here and will have to be obtained from the Companies' London Office and enquiring whether Govt still desire to get the figures from London, I am directed to state that full information on all the points is required as the subject is a very important one and to request you to be good as to ~~have~~ thereupon to obtain the figures in question from London through the Executive Member and furnish the same to this office along with the annual reports and other particulars referred to in this office letter of 2nd Jan'y 1932 at an early date.

I have etc.,

18/1/32

for Dy Secy to Govt.

Copy
18/1/32

Appendix F G—1]

SUBJECT .....

.....

.....

Section Gen

File No. 99-30.

Serial No. 12

ary No. of letter replied to 2554

No 10384 3

To

The Director of Geology in Mysore.

General and Revenue Secretariat

( )

the *193* .

Sir,

Date of issue 2/12/32

Signed by

H Adverting to your letter X No. 6139-5 d. 22/25.7.31 submitting note on the negotiations connected with the K.G.F. Mining Leases, I am directed to observe that the report sent in regard to the history of each Company is not to the point as it refers mainly to the variations in the areas of working of the several mines and to request that a connected history of the protracted negotiations between the Mysore Govt & the K.G.F. Mining Companies in regard to

Vide page 14 of notes

List of enclosures .....

pied by .....

Examined by .....

PBM—40,000—20-7-31.

the original and renewed contracts entered into between you and
may Kindly be furnished as far as information
is available in your office.

I am also to request that the marginally-noted two files which relate to the rate and mode of levying royalty on gold produced by the Kolar Companies may also be Kindly furnished, which resulted in the memorandum of Agreement of 21.12.01 & the G.O. No. 1374-6 dt 5.2.10 which files may be together with any other papers ~~that may be done with~~ relating to the renewal of the K.G.F. Mining Leases

(1) No. 218/03-04
(2) No. 218B/03-04

These will be returned when done with.

The matter is an important one, I am to request that it may be Kindly treated as urgent.

The matter may Kindly be treated as urgent

I have etc.,

1/2/32

for Dy. Secy to Govt.

Main dft

51

30

1st February 1932.

No 03893

The Director of Geology in Mysore,

Bangalore.

Adverting to your letter No. 6039-5, dated 22nd/25th -- July 1931, submitting a note on the negotiations connected with the Kolar Gold Field Mining Leases, I am directed to observe that the report sent in regard to the history of each Company is not to the point as it refers mainly to the variations in the areas of working of the several Mines and to request that a connected history of the protracted negotiations between the Mysore Government and the Kolar Gold Field Mining Companies in regard to the original and renewed contracts entered into between the two may kindly be furnished as far as information is available in your office. I am also to request that the marginally noted two files which relate to the rate and mode of levying royalty on Gold produced by the Kolar Companies which resulted in the Memorandum of Agreement of 21st -- December 1901 and the Government Order No. 1724-6, dated 5th -- February 1910 may also be kindly forwarded together with any other files available on the subject. They will be returned when done with.

1. No. 218/03-04
2. No. 218/03-04 .B

The matter may kindly be treated as urgent.

I have the honor to be,
Sir,
Your most obedient servant,

For Secretary to Government,
Development Department.

TRM.2

Appendix F G—1]

SUBJECT .....

.....

.....

Section Geol

File No. 99-30

Serial No. R.

Diary No. of letter replied to .....

No D. 5797

To The Commg Geol

Sir Dear Sir,

I am desired to invite reference to this office No. D 3843/ Geol. 99-30-12 d 2/12/32 ~~Soliciting~~ requesting that a connected list of the negotiations between the Mysore Govt and the Gold Mining Co. in regard to the original and renewed ~~licences~~ leases may be furnished to this office with your office files on the subject and to request your ~~to kindly~~ kindly that the matter may receive personal attention & necessary information caused to be furnished without further delay

Thanking you in anticipation

Yrs.

General and Revenue Secretariat

( )

the 193 .

Date of issue 3/5/32

Signed by Mr B. T. Kesavimgar

Draft-reminder submd

Gd

-/5/32

-GPBM—40,000—20-7-31.

Gd

2/5/32

Extra

2-2- 32

3rd

Dear Sir,

I am desired to invite reference to this office No.D.3843/Geol.99-30-12 dated 2nd February 1932 requesting that a connected history of the negotiations between the Mysore Government and the Gold Mining Co. in regard to the original & renewed contract may be furnished together with your office files on the subject and to request you that the matter may receive personal attention and necessary information caused to be furnished without further delay.

Thanking you in anticipation,

Yours sincerely,

2/5

P. Sampath Iyengar, Esq., M.A.,

Director of Geology in Mysore.

GOVERNMENT OF MYSORE.

GEN. & REV. SECRETARY 54 4423 18 MAY 1932 DEVELOPMENT BRANCH

Telegraphic Address:—
"MINESPECTOR"

DEPARTMENT OF MINES AND EXPLOSIVES.
OFFICE OF THE CHIEF INSPECTOR OF MINES IN MYSORE.

Dated Oorgaum, 16th May 1932.
(S. India).

DEVELOPMENT SECRETARIAT 18 MAY 1932 No. 2136 Encl. 18.

FROM

C. E. SURYANARAYANA RAU, Esq., Mem. A.I.M.E., &c.,
Chief Inspector of Mines in Mysore.

To

B. T. Kesaviengar, Esq., B.A.,
Secretary to the Government of His Highness
the Maharaja of Mysore, Development Department,
Bangalore.

Sir,

With reference to your letter No. 3345/Geol. 99-30-18 dated the 2nd January 1932 and subsequent D.O. letter No.D.5608 dated the 7th May 1932 requesting to furnish a complete set of the annual reports of all the mining companies together with a comprehensive history of each company, I have the honour to state that a complete set of annual reports of all the gold mines, as per list attached, ~~has~~ been forwarded this day under separate cover per railway parcel. As there are no spare copies of these reports I request that they may kindly be returned when done with.

The history of each mine has been given separately in the following pages. Statements showing all the annual payments made to Government under the leases by each mine have been prepared and the ratio of these payments to the annual profits earned by each company ~~has~~ been calculated for the whole period during which the mines have been working. The taxes paid to the Government of Mysore, such as rent on land including cesses, royalty (on output and on dividends), income and super taxes have all been given separately. The figures for incometax paid to the Government of Great Britain, showing the portion debitable to each Company's account, have not yet

C E S Rau

yet been received from England and the Secretary, Messrs. John Taylor & Sons' Committee says in his letter No.260 dated 12th May 1932 (copy enclosed for reference) that they are expected at an early date. This accounts for the delay in the submission of this report the columns for British Incometax being left blank in the statements.

It may be mentioned here that the incometax debit given in the published annual accounts of the mining companies covers both British and Mysore taxes after giving effect to the necessary adjustments according to the Dominion Incometax Relief Convention and also after deducting such portion of the total as is recovered from the shareholders' dividends by process of deduction. In view of this latter deduction it follows that the debit for tax does not represent the total burden of incometax on the company. It will be seen from the ıaginary figures used by the Executive Member - copy of which was ıbmitted to Government with my letter No.1115 dated 11-1-1932 - to .lustrate the various adjustments, that the actual debit on account ' British Incometax is comparatively small.

One set of charts showing assay value and working costs was ıbmitted to Government with my letter No.799 dated 18th November)32. A new set of charts showing ore reserves and tonnages crushed ı addition to assay value and working costs and another set based on ıe statements now submitted, showing total profit, percentage of .vidends to paid up capital, payments made to Mysore Government and ıe percentage of these payments to total profits, are also prepared ıd submitted. The curves in these charts indicate the present)sition of each mine at a glance. It will be seen that the percentge of burden of taxation on the gold industry during the last decade ıs been on the increase owing to the general diminution or shrinkage of profits earned. This difference is more marked in the case of mines which have paid no dividends during certain periods.

Explanation of Statements:

Col. 2 The figures in this column have been taken fro

the annual reports published by the Mining Companies.

Col.3 These figures have been supplied by the Director, Department of Geology for the years 1917 to 1930 Prior to this period the land tax was being collected by the Revenue Department. As it has not been possible to get accurate information und this head from that Department for the period 188 to 1916, the tax paid in 1917 has been assumed tc be the annual tax in years previous to it.

Cols.4,5 & 6 These figures have been taken from the published reports of the Department of Mines & Explosives.

Col.7 The reason for leaving this column blank has already been explained.

Cols. 8 & 9 The figures in these columns have been supplied by the Deputy Commissioner, Kolar District.

Col.10 The figures in this column represent the sum of figures in Cols. 3, 6, 8 and 9, i.e., total payments of all kinds made to Mysore Government.

Col.11 Shows the percentage of total payments to Mysore Government to total profits earned by the Company.

Col.12 These figures are taken from the annual reports published by the Mining Companies and are placed next to Col. 11 to facilitate comparison.

N.B.- Payments made to Mysore Government in Indian Currency have been converted into £. Sterling at 1 Sh. 4 d. a rupee up to the year 1926 and at 1 Sh. 6 d. thereafter.

Mysore

Mysore Mine.

This Company was started in 1880 with an authorized capital of £ 135,000, divided into 135,000 shares of £ 1 each of which 45,000 shares were issued as fully paid to vendors. The nominal capital was increased to £ 150,000 in 1886, £ 175,000 in 1888, £ 250,000 in 1893, £ 265,000 in 1900, £ 290,000 in 1902, £ 305,000 in 1906 and to £ 610,000 in 1919 at which figure it stands today. The whole of the capital has been fully paid. Simultaneously with the increase of capital the company acquired from time to time either by purchase, assignment or otherwise certain mining leases with the result that the area of the blocks in its possession increased from 1,282.940 acres in 1880 to 8,203.863 acres in 1919. The particulars of these transactions are fully explained by the Offg. Director of Geology in his letter No.6039-5 dated 22nd/25th July 1931 addressed to the Secretary to Government, Development Department.

Crushing was commenced in the year 1884 and to the end of the year 1930 the total tonnage crushed amounted to 8,081,458 yielding 6,112,744 ozs. of fine gold valued at £ 26,385,593 (includes value of silver). A chart showing curves of ore reserves, tonnages crushed, average assay value of ore crushed and working costs is forwarded. ~~with~~ The curves reveal the exact position of the mine from time to time to the end of 1930. It will be seen that the ore reserves as per published reports are only about 2½ years ahead of mill requireme

The company started paying dividends in the year 1885 and has continued paying to date, the rate of dividend ranging from 10% to 150%. The total amount of dividends paid from the commencement of operations to the end of 1930 amounted to £ 10,320,770 which is nearl 17 times the paid up capital. The percentage of burden of taxation to the total profit was nearly equal to the percentage of dividends paid in the year 1919, it fluctuated for the next 6 years, and gradually rose to 31% in 1930 as against 12½ % dividend declared in that year.

The total profits earned, taxes paid, their ratio and other particulars are given in detail not only in the form of a statement but are also represented graphically in the chart accompanying this letter. Total royalty paid to Government from the commencement of operations to the end of 1930 amounted to £ 1,417,626 which is about 14% of the total dividends paid to the shareholders.

In addition to the taxes and other working expenses, the following items of expenditure have also been written off from time to time:

	£
Depreciation charges on machinery, shafts &c.	1,262,947
Amounts set apart for sinking, reserve, insurance, contingency &c. funds ..	461,500
Sundry debits such as donations, bonus &c. ..	35,820
Losses written off on account of investments in outside concerns	159,814

Other Particulars:-

Paid up share capital	610,000
Total amount paid in dividends to 1930 ..	10,320,770
do. royalty do. ..	1,417,626
do. to Directors & Managers to 1930 ..	434,106

Present position.- About 200,000 tons of ore are crushed per ar on an average and the margin of profit in 1930 was about 14 Sh. ton. The working costs are on the increase owing to additional penditure incurred as a consequence of damage by rockbursts, and the reserves of payable ore now stand at about 450,000 tons, i.e., 2½ years supply ahead of mill requirements. Owing to diminished profits the heaviness of the burden of taxation is being more keenly felt in recent years. The financial position of the Company as disclosed in the balance sheet to 31st December 1931 is sound and satisfactory.

Champion Reef Mine.

This Company was started in 1889 with an authorized capital

S Rau

of £ 200,000 divided into 200,000 shares of £ 1 each of which 109,500 shares were issued to vendors as fully paid. The nominal capital of the Company was raised to £220,000 in the year 1896, £236,500 in 1901 and £ 260,000 in 1903. It was originally called the Champion Reef Gold Mining Company of India, Ltd. ~~and was reconstructed in 1921 under the name of the Champion Reef Gold Mining Compar of India, Ltd.~~ and was reconstructed in 1921 under the name of The Champion Reef Gold Mines of India, Ltd. ~~in 1921~~ with the same capital of £ 260,000 divided into 520,000 shares of 10 shillings each. The original extent of land in its present position was 742.860 acres, which by addition of adjoining property in subsequent years was increased to 1,094.615 acres, particulars of which are fully explained by the Offg. Director of Geology in his letter No.6039-5 dated 22/25th July 1931 addressed to the Secretary to Government, Development Department.

Crushing was commenced in the year 1892 and to the end of the year 1930 the total tonnage crushed was 5,539,308 yielding 3,846,355 ozs. of fine gold valued at £ 16,531,841 (includes value of silver). A chart showing curves of ore reserves, tonnages crushed, average assay value of ore crushed and working costs is attached to this report. The curves reveal the exact position of the mine from time to time from the commencement of operations to the end of the year 1930. It will be seen that the ore reserves as per published reports are only about 2½ years ahead of mill requirements.

The company started paying dividends in the year 1894 and continued regularly till the year 1918. Owing to the diminution of profits, no dividends were paid in 1919 and again during the years 1921 to 1924 (inclusive). The dividends paid ranged from 7½% to 165% and the total amount paid from the commencement of operations to the end of 1930 amounted to £ 4,759,966 which is nearly equal to 10 times the paid up capital. The percentage of burden of taxation to the total profit was nearly equal to the percentage of dividends paid in the year 1918 and ever since then it has been on the increase. The total profits earned, taxes paid, their ratio and other particulars are given in detail not only in the form of a statement but are also

D.C.Rau

represented

represented diagrammatically in the chart accompanying this letter. Total royalty paid to the Government of Mysore from the commencement of operations to the end of the year 1930 amounted to £ 848,740 which is about 18% of the total dividends paid to shareholders.

In addition to the taxes and other working expenses, the following items of expenditure have also been written off from time to time:-

	£
Depreciation charges on machinery, shafts &c.	915,581
Amounts set apart for sinking, reserve, insurance, contingency &c. funds ..	138,000
Sundry debits such as donations, bonus &c. ..	13,940
Losses written off on account of investments in outside concerns	58,032

Other particulars:-

Paid up share capital .. .. (Additional amount paid when the company was reconstructed in 1921 was £ 157,315).	260,000
Total amount paid in dividends to 1930 ..	4,759,966
do. royalty do. ..	848,740
do. to Directors & Managers to 1930 ..	261,695

Present position.- In recent years a little over 90,000 tons of ore are being crushed annually and the margin of profit per ton crushed in 1930 was only about 6 shillings per ton. The working costs and the burden of taxation are both on the increase while the ore reserves are only about 2½ years ahead of the mill requirements. On the whole the prospects are fairly satisfactory.

Ooregum Mine.

The Company was started in 1885 with an authorised capital of 245,000 shares of £ 1 each (125,000 ordinary shares and 120,000 preference shares). Of this 40,000 ordinary shares were issued as fully paid to vendors and 120,000 preference shares issued at 15 Sh. per share discount. The nominal capital of the company was raised to

to £ 265,000 in 1891, 291,500 in 1900, 341,500 in 1903 and 410,000 in 1907. The total paid up capital of the company in 1930 was £ 303,344. (Amount actually paid was £ 213,344 after making allowance for discount on shares etc. issued in previous years).

Crushing was commenced in 1888 and to the end of the year 1930 the total tonnage crushed was 5,040,037 yielding 3,147,970 ozs. of fine gold valued at £ 13,697,727 (includes value of silver).

The company started paying dividends in 1894 on both ordinary and preferential shares and has continued regularly till the end of the year 1929. In 1930 a small percentage of 5% was paid on preference shares only. The dividends paid ranged from 5 to 52½% on ordinary and 5 to 62½% on preference shares. The total amount of dividends paid from the commencement of operations to the end of 1930 on both ordinary and preferential capital amounted to £ 3,765,216 which is nearly 18 times the actually paid up capital of the Company.

Total royalty paid to the Government of Mysore from the commencement of operations to the end of 1930 amounted to £ 729,935 which is about 19 percent of the total dividends paid to shareholders.

In addition to the taxes and other working expenses, the following items of expenditure have also been written off from time to time:-

	£
Depreciation charges on machinery, shafts &c.	904,372
Amounts set apart for sinking, reserve, insurance, contingency &c. funds ..	352,500
Sundry debits such as donations, bonus &c. ..	23,426
Losses written off on account of investments in outside concerns	33,385

Other particulars:-

Paid up share capital .. .. (Amount actually paid £ 213,344 after making allowance for discount on shares &c. issued in previous years)	303,344
Total amount paid in dividends to 1930 ..	3,765,216
do. royalty do. ..	729,935
do. Directors & Managers to 1930 ..	221,646

L S Rau

Present

Present position.- About 150,000 tons of ore (average) are crushed per year and the present ore reserves are only about one year in advance of mill requirements. The margin of profit is very low - about 2 shillings per ton of ore crushed. The working costs are on the increase. On account of diminished profits no dividends were paid in the year 1930 on the ordinary shares while the preferenc shareholders received only about 5%. The percentage of taxation to total profits was more than the rate of dividend declared on ordinary shares during the years 1897 and 1898 and again in the years 1905, 1906 and 1907. The rate varied from 12% to 22% from 1908 to 1924 and has been on the increase ever since. At the present moment, the future prospects of this company largely depend upon the new discoveries yet to be made, hopes regarding which are fondly entertained.

Nundydroog Mine.

The Nundydroog Gold Mining Company, Ltd., was formed in the year 1890 with an authorised capital £ 100,000 divided into shares of £ 1 each, of which 33,000 were issued as fully paid to the vendors. Its capital was raised to £ 150,000 in 1888 and to £ 200,000 in 1891. The company was reconstructed in 1893 under the title of Nundydroog Co., Ltd., with an authorized capital of £ 220,000 divided into shares of £ 1 each. Of this 200,000 shares were issued as fully paid to the shareholders of the former company and so £ 20,000 was the actual additional capital subscribed. The capital of the company was again increased to £ 242,000 in 1898 and to £ 283,000 in 1905. In the year 1921 the company was again reconstructed under the name of Nundydroog Mines, Ltd. with an authorized capital of £ 283,000 divided into 566,000 shares of 10 shillings each, at which figure it stands today. All these shares have been fully paid up. The total amount of capital actually paid from the date of formation of the Company is £ 389,916. Simultaneously with the increase of capital and reconstructions from time to time, the company gradually acquired either by purchase, assignment or otherwise certain mining

leases

JE&Rau

leases with the result that the area of the blocks in its position increased from 1,241.234 acres in 1880 to 2,608.162 acres in 1925. The particulars of these transactions are fully explained by the Offg. Director of Geology in his letter No.6039-5 dated 22/25th July 1931 addressed to the Secretary to Government, Development Department. The mining leases of Balaghat Mine have recently been assigned to this Company.

The milling of ore was commenced in the year 1882 and to the end of the year 1930 the tonnage treated amounted to 3,473,370 yielding 2,472,980 ozs. of gold valued at £10,713,841 (includes value of silver). A chart showing curves of ore reserves, tonnages crushed, average assay value of ore treated and working costs per ton is forwarded herewith. The graphs reveal the exact position of the mine from the commencement of operations to the end of the year 1930. It will be seen that the ore reserves, as per published reports, are about 3 years ahead of milling requirements.

The company started paying dividends in the year 1888 and the total amount paid to the end of the year 1930 amounted to £2,995,554, which is nearly 8 times the actually paid up capital of the company, the rate of dividends paid ranging from 3¾% to 45%. The percentage of burden of taxation to the total profit was slightly higher than the percentage of dividends declared in the year 1919 and ever since that date it is on the increase. During the years 1929 and 30 the rates are more or less equal. The total profits earned, taxes paid, their ratio and other particulars are given in detail not only in the form of a statement but also graphically in a chart accompanying this report. Total royalty paid from the commencement of operations to the end of the year 1930 amounted to £ 568,155 which is about 19% of the total dividends paid to the share holders.

In addition to the taxes and other working expenses, the following items of expenditure have also been written off from time to time:-

Depreciation

E&R

	£
Depreciation charges on machinery, shafts, &c.	743,927
Amounts set apart for sinking, reserve, insurance, contingency &c. funds ..	175,000
Sundry debits such as donations, bonus &c.	18,058
Losses written off on account of investments in outside concerns	28,022

Other particulars:-

Paid up share capital .. .. (Amount actually paid from the formation of the company £ 389,910).	283,000
Total amount paid in dividends to 1930 ..	2,995,554
do. royalty do. ..	568,155
do. Directors & Managers to 1930 ..	242,500

Present position.- The ore reserves of this mine are on the increase and there is a very fair margin of profit, about 15 shillings per ton of ore crushed. The working costs are slightly on the increase during the past 5 or 6 years and are expected to rise higher in time to come. The burden of taxation is more or less equal to the rate of dividend declared and the future prospects are very encouraging.

Balaghat Mine.

This is worked by the Balaghat Gold Mines, Ltd., comprising of the following blocks:-

Balaghat	1,328.320	acres
Golconda (Portion) ..	238.920	"
Nundydroog Western Pn. ..	250,880	"
Total ..	1,818.120	"

This company was originally formed in 1884 under the name of Balaghat Mysore Gold Mining Company, Ltd. with an authorised capital of £ 150,000 divided into shares of £ 1 each, which capital was raised to £ 200,000 in 1892. The company was reconstructed in 1896 under the name of the Balaghat Gold Mining Company, Ltd. with an authorised capital of £ 204,000 (160,600 ordinary shares and 43,400 preference

shares

shares of £ 1 each). Of this capital a sum of £ 120,168-15-0 was taken as paid according to the agreement of reconstruction (@ 15 Sh. per share on 160,225 ordinary shares). Hence the actual amount of additional capital paid was £ 183,831-5-0. The capital was again raised to £ 224,000 in 1899, £ 256,000 in 1900 and £ 308,000 in 1902. The company was again reconstructed in 1919 under the name of Balaghat Gold Mines, Ltd. with an authorised capital of £ 154,000 divided into 95,400 preferential and 212,000 ordinary shares of 10 sh. each (of this 95,400 preference shares of 10 Sh. each were issued as fully paid and 212,593 ordinary shares were issued @ 6 sh. per share credited as paid amounting to £ 59,508). Hence the additional capital actually paid was £ 42,522-2-0. The total amount of share capital actually paid since the formation of the company was £ 530,353-7-0.

Crushing was commenced in 1888 and to the end of the year 1930 the total tonnage crushed was 1,295,050 yielding 831,469 ozs. of gold valued at £ 3,629,134 (includes value of silver)

The company paid dividends from 1900 to 1909 and 1920 to 1929. The total amount of dividends paid from the commencement of operations to the end of 1930 amounted to £ 409,524 which is £ 120,829 less than the actually paid up capital of the company.

Total royalty paid to the Government of Mysore from the commencement of operations to the end of 1930 amounted to £ 184,459 which is about 45% of the total dividends paid to shareholders.

In addition to the taxes and other working expenses, the following items of expenditure have also been written off from time to time:-

Depreciation charges on machinery, shafts &c.	.. ..	224,599
Amounts set apart for sinking, reserve, insurance, contingency &c.funds	..	45,500
Sundry debits such as donations, bonus &c.	..	13,010
Losses written off on account of investments in outside concerns .	.. ..	7,803

Other

Other particulars:-

	£
Paid up share capital .. .. (The total amount of share capital actually paid since the formation of the company was £ 530,353).	153,965
Total amount paid in dividends to 1930 ..	409,524
do. royalty do. ..	184,459
do. Directors & Managers to 1930 ..	96,174

Present position.- The working costs in this mine are so high that there was no margin of profit in the year 1930. The ore reserve are fast disappearing and no new discoveries have been made. Development work in 1931 produced no tangible results. Having found it impossible to make both ends meet the company recently assigned its leases to the neighbouring Nundydroog Mines, Ltd., and the assignment deeds are pending the sanction and approval of Government.

I have the honour to be,

Sir,

Your most obedient servant,

C E Srinivasamurthy

CHIEF INSPECTOR OF MINES

IN MYSORE.

M.S.

LIST OF ANNUAL REPORTS OF THE GOLD MINING COMPANIES, KOLAR GOLD FIELD, SENT TO THE SECRETARY TO GOVERNMENT, DEVELOPMENT DEPARTMENT, BANGALORE.

=========:ooo:=========

Mysore Gold Mining Company, Ltd.				Champion Reef Gold Mines of India, Ltd.			
1.	1881			1.	1890		
2.	1882			2.	1891		
3.	1884			3.	1892		
4.	1885			4.	1893		
5.	1886			5.	1894		
6.	1887	Special Report.		6.	1895		
7.	1887			7.	1896		
8.	1888			8.	1897		
9.	1889			9.	1898		
10.	1890			10.	1899		
11.	1891			11.	1900		
12.	1892			12.	1901		
13.	1893			13.	1902		
14.	1894			14.	1903		
15.	1895			15.	1904		
16.	1896			16.	1905		
17.	1897			17.	1906		
18.	1898			18.	1907	to 1912	(Bound Volume.)
19.	1899			19.	1913	to 1918	"
20.	1900			20.	1919	to 1923	"
21.	1901			21.	1924		
22.	1902			22.	1925		
23.	1903			23.	1926		
24.	1904	to 1908	(Bound Volume)	24.	1927		
25.	1909	to 1913	"	25.	1928		
26.	1914	to 1918	"	26.	1929		
27.	1919	to 1923	"	27.	1930		
28.	1924						
29.	1925						
30.	1926						
31.	1927						
32.	1928						
33.	1929						
34.	1930						

--------:-0-:-------

C E S Rau

CHIEF INSPECTOR OF MINES IN MYSORE

Oorgaum, K.G.F.,
13/5/1932.
D.S.R.

LIST OF ANNUAL REPORTS OF THE GOLD MINING COMPANIES, KOLAR GOLD FIELD, SENT TO THE SECRETARY TO GOVERNMENT, DEVELOPMENT DEPARTMENT, BANGALORE.

=======:ooo:=======

Ooregum Gold Mining Company of India, Ltd.

1.	1885				
2.	1886				
3.	1887	Special Report			
4.	1887				
5.	1889				
6.	1890				
7.	1891				
8.	1892				
9.	1893				
10.	1894				
11.	1895				
12.	1897	Special Report.			
13.	1897				
14.	1898				
15.	1899				
16.	1900	to	1904	(Bound Volume.)	
17.	1905	to	1909	"	
18.	1910	to	1914	"	
19.	1915	to	1919	"	
20.	1920	to	1924	"	
21.	1925				
22.	1926				
23.	1927				
24.	1928				
25.	1929				
26.	1930				

Nundydroog Mines, Limited.

1.	1881				
2.	1882				
3.	1883				
4.	1884				
5.	1885				
6.	1886				
7.	1887				
8.	1888				
9.	1889				
10.	1890				
11.	1891				
12.	1892				
13.	1893				
14.	1894	to	1898	(Bound Volume)	
15.	1899	to	1903	"	
16.	1904	to	1908	"	
17.	1909	to	1913	"	
18.	1914	to	1918	"	
19.	1919	to	1923	"	
20.	1924				
21.	1925				
22.	1926				
23.	1927				
24.	1928				
25.	1929				
26.	1930				

Balaghat Gold Mines, Limited.

1.	1887				
2.	1888				
3.	1889				
4.	1890				
5.	1892				
6.	1894				
7.	1895				
8.	1897				
9.	1898				
10.	1899				
11.	1900				
12.	1901				
13.	1902	to	1906	(Bound Volume.)	
14.	1907	to	1911	"	
15.	1912	to	1916	"	
16.	1917	to	1921		
17.	1922	to	1926		
18.	1927				
19.	1928				
20.	1929				
21.	1930				

C E S Rau

CHIEF INSPECTOR OF MINES IN MYSORE.

Oorgaum, K.G.F.,
13/5/1932.
D.S.R.

Letter No.260 dated 12th May 1932 from the Secretary, Messrs. John Taylor & Sons' Committee, Oorgaum, to the Chief Inspector of Mines in Mysore, Oorgaum.

----: oOo :----

In reply to your letter No.2090 dated 11th instant with reference to Income Tax particulars I have the honour to inform you that Messrs. John Taylor & Sons, London, have written under date of 31st March 1932 as follows:-

> "The figures required by the Mysore Government "in regard to Income Tax are now well in hand and "we shall hope to forward these to India during "next month".

-------: oOo :------

"C o p y"

C E S Rau

CHIEF INSPECTOR OF MINES

RS IN MYSORE.

Appendix F G—1]

SUBJECT .....

.....

.....

Section Geol.

File No. 99-31

Serial No. R.

Diary No. of letter replied to .....

No. D 492

To The Director of Geology &
Mysore
Bangalore

General and Revenue Secretariat

( )

the *193* .

Sir

Date of issue 3.8.32

I am directed to invite your attention to the correspondence ending with your letter No D 3824/Geol 99-30-2 dated 2nd February 1932 and to subsequent correspondence ending with your No D 6162 dated 2nd June 1932 on the subject of furnishing this Govt with a connected history of negotiations between the Mysore Govt and the Gold Mining Co in regard to the original and renewed Contracts, & ~~was directed to~~ and to request you to kindly furnish the information

Signed by Mr B. Dn. R.
Flag R.

List of enclosures .....

Copied by .....

Examined by .....

TYPING SECTION
GENERAL SECTT.
1. AUG. 1932

~~the matter will receive your~~
personal attention not to give
cause for further delay

I have etc

1/8/32

for Secy Dev. Depot

Appendix F G—1]

2 drafts

SUBJECT .....

.....

.....

Section Sect.

File No. 99-31

Serial No. D

ary No. of letter replied to .....

No. D 493.

To The Chief Inspector of Mines

Sir,

I am directed to invite reference to para 2 of your letter No. 2136/18 dated 16th May 1931 regarding figures for income to be paid to the Government of Great Britain and to request you kindly furnish the information at a very early date.

I have etc

1/8/32

for Secretary

General and Revenue Secretariat

( )

the 193 .

Date of issue 3.8.32

Flag T.

Signed by In B In 12

Revenue Subs

1/8/32

List of enclosures .....

...ed by .....

Examined by .....

74

GEN. - REV. - D. 498 - 1932

DEVELOPMENT BRANCH.

GOVERNMENT OF MYSORE.

Telegraphic Address:—
"MINESPECTOR"

DEPARTMENT OF MINES AND EXPLOSIVES.
OFFICE OF THE CHIEF INSPECTOR OF MINES IN MYSORE.

No. 269.
Encl:—

Dated Oorgaum, 4th August 1932.
(S. India).

FROM

C. E. SURYANARAYANA RAU, Esq., Mem. A.I.M.E., &c.
Chief Inspector of Mines in Mysore.

DEVELOPMENT SECRETARY. 5. AUG. 1932

To

D. Srinivasa Iyengar, Esq., B.A.,
Secretary to the Government of His Highness
the Maharaja of Mysore, Development Department,
BANGALORE.

Sir,

With reference to your letter No. D.493 dated 1st/3rd August 1932 requesting to furnish figures relating to the payment of incometax to the Government of Great Britain by the Mining Companies on the Kolar Gold Field, I have the honour to state that the receipt of the figures are awaited from London office and the Resident Auditor, Messrs. John Taylor & Sons' Committee who was again reminded about it today stated that an urgent reminder would be sent to London by today's mail.

I have the honour to be,
Sir,
Your most obedient servant,

C. E. Suryanarayana Rau

CHIEF INSPECTOR OF MINES
IN MYSORE.

M. G. D. 12.] GOVERNMENT OF MYSORE

GEN. & REV. SECRETARIAT. 531 8 AUG. 1932 DEVELOPMENT BRANCH.

Telegraphic Address:—"GEOL." MYSORE GEOLOGICAL DEPARTMENT,

No. 6741-64 *Bangalore,* 6th August 1932.

OFFICE OF THE [illegible] COUNCIL 8 AUG 1932 No. 904

DEVELOPMENT SECRETARIAT 8 AUG. 1932

FROM A.M.Sen, Esq., M.Sc., F.G.S., &c.;
Offg. *Director of Geology in Mysore, Bangalore.*

To
D. Srinivasa Iyengar, Esq., B.A.,
Secretary to the Government of
His Highness the Maharaja of Mysore,
Development Department, Bangalore.

SIR,

With reference to your letter No.D.492 dated 1/3rd August 1932, asking for an immediate submission of a note on the negotiations between the Mysore Government and the Kolar Gold Mining Companies, I have the honour to state that I have taken up the compilation of the connected history which requires reference to many previous papers and will in consequence take some time.

My predecessor in office, Mr. P. Sampat Iyengar, who intended to get this compilation ready, left the following office note on 27th June 1932 before he retired from service -

"There is no hurry to tackle the question of the renewal of the Kolar Gold Mining Leases immediately. The negotiations if prolonged will be to the interests and advantage of Government. The compilation of the connected history itself requires considerable time".

The note is however under preparation and will be submitted as soon as it is ready.

I have the honour to be,
Sir,
Your most obedient servant,

Offg. Director,
Mysore Geological Department.

Bs.6/8

1389

GOVERNMENT OF MYSORE.

GEN. & REV. DEPARTMENT — DEVELOPMENT BRANCH

Telegraphic Address :—
"MINESPECTOR"

DEPARTMENT OF MINES AND EXPLOSIVES.
OFFICE OF THE CHIEF INSPECTOR OF MINES IN MYSORE.

No.
Encl :—1/3

Dated Oorgaum, 14th October 1932.
(S. India).

Gol 99-90-14

DEVELOPMENT SECRETARY
17 OCT 1932

FROM

C. E. SURYANARAYANA RAU, Esq., Mem. A.I.M.E., &c.,
Chief Inspector of Mines in Mysore.

To
D. Sreenivasa Iyengar, Esq., B.A.,
Secretary to the Government of His Highness
the Maharaja of Mysore, Development Department,
Bangalore.

Sir,

In continuation of the correspondence ending with this office letter No.269 dated 4th August 1932 regarding the furnishing of figures relating to the payment of incometax to the Government of Great Britain by the gold mining companies on the Kolar Gold Field, I have the honour to forward herewith copies of statements of Incometax paid to the British and Mysore Governments from the commencement of operations to end of 1931.

The amount of incometax debit in the published accounts as set forth in the annual reports of the mining companies does not represent the total burden of incometax on the company but only the net amount after deducting the rebate collected from the British and Mysore Governments and the amounts collected from shareholders by deduction from amounts distributed to them in dividends, as explained by the Executive Member, Messrs. John Taylor & Sons' Committee in his letter No.260 dated 8th January 1932, copy of which was submitted to Government with my letter No.1115 dated 11th January 1932.

It may be stated here that there is some variation between the figures for Incometax paid to Mysore Government as shown in these statements and the statements submitted to Government with my letter No.2136 dated 16th /17th May 1932, wherein the figures as received from the Deputy Commissioner of Incometax, Kolar District were converted into

into £ Sterling and entered therein. The reason for this difference is attributable to the overlapping of the financial periods taken by the Mining Companies and Deputy Commissioner in respect of payments, rebates &c. and also to variations in the rates of exchange. The two sets of figures have been, on the whole reconciled and I herewith submit the reconciliation statements prepared by Messrs. John Taylor & Sons' Committee together with a copy of D.O. letter No.I.C.25/32-33 dated 24th September 1932 from the Deputy Commissioner, Kolar District explaining the reasons for variations.

I herein enclose for the information of Government a copy of letter No.260 dated 28th September 1932 received from the Executive Member, Messrs. John Taylor & Sons' Committee, Oorgaum in the matter of furnishing of figures relating to the recovery of proportion of tax from the shareholders.

I have the honour to be,
Sir,
Your most obedient servant,

C E Suryanarayanadeva

CHIEF INSPECTOR OF MINES

IN MYSORE.

Letter No.260 dated 28th September 1932 from the Executive Member, Messrs. John Taylor & Sons' Committee, Oorgaum, to the Chief Inspector of Mines in Mysore, Oorgaum.

----: oOo :-----

I have the honour to acknowledge receipt of your letter No.659 dated 26th instant referring to your letter dated 28th May 1932 wherein you asked for information which will enable you to check the British Income Tax paid by the Mining Companies in certain years with the amount of Tax charged in their respective printed accounts. You have stated your inability to do this on account of your not having information regarding the deductions of tax made by the Companies from shareholders' dividends during these periods and which deductions are normally credited in reduction of the tax charged out in the accounts.

The deductions in question relate to the dividends of a large body of shareholders and it would involve much time and trouble to analyse these out over a long period of years and to obtain the arithmetical reconciliation which you ask for. The Companies' view is that such reconciliation is only a matter of accountancy and is not essential to any discussion of principle or fact arising out of the accounts.

It is submitted that all requisite information is already available the total amount of British Income Tax paid is known as also are the total amounts of Mysore Income Tax, the amount of Relief obtained under the Dominion Income Tax Relief Scheme and the nett cost of Income Tax to the Companies after they have recovered from shareholders a considerable portion of it. It may be correctly stated further that the amount of tax so recovered from the shareholders is represented by the difference between (a) the gross British Tax plus the gross Mysore Tax less the Dominion Income Tax recovered less (b) the nett amounts debited in the Companies respective accounts.

-----: oOo :-----

"Copy"

C E S Rau

CHIEF INSPECTOR OF MINES

IN MYSORE. 14/X/32.

Copy of letter dated 6th June 1932 from the Resident Auditor, Messrs. John Taylor & Sons' Committee, Corgaum, to the Secretary of the same Committee regarding the reconciliation statements of incometax prepared by him.

----: oOo :----

In reference to the Chief Inspector of Mines' letter dated the 28th May 1932 handed to me for report I beg to report as follows:-

With regard to the second paragraph of the Chief Inspector of Mines' letter in regard to British Income Tax I am unable to advise you of the information required owing to the absence of information as to the amount of Income Tax recovered from Shareholders' Dividends. This is a matter for reference to the Managers.

With regard to Mysore State Tax I have prepared a Reconciliation statement shewing the agreement between the amounts of Income Tax stated to have been paid according to the Mysore Government Schedule and Messrs. John Taylor & Sons Schedule and attach same hereto for information.

In cases where the amounts stated in the Schedules disagree and cannot be explained I have prepared some notes for reference either to the Mysore Government or the Managers as follows:-

DIFFERENCES FOR REFERENCE TO THE CHIEF INSPECTOR OF MINES.

Re.Mysore Company's Schedule.

A difference of Rs3039 is shewn between the sum total of Assessments 1925-26 and 26-27 and the payments according to Messrs. John Taylor & Sons' Schedule. This difference is being referred to the Managers.

Re.Champion Reef Co.'s Schedule.

A difference of Rs18285. 6 0 is shewn between the 1920/21 Assessment and the payments less the refund made according to Messrs. John Taylor & Sons Schedule.

According to Messrs. John Taylor & Sons' Schedule the payments in regard to the 1920-21 Assessment are made up as follows:-

C E Rae

Payments

Payments made during 1921 as per schedule		Rs 22120	9 0
do. 1922 do.		" 17503	7 0
		39624	0 0
Less amount credited as per schedule		16337	6 0
		23286	10 0

The sum of Rs23286. 10. 0 was paid as follows:-

On 17/3/21	Rs 22120	9 0
30/6/22	" 17503	7 0
30/6/23	" 6949	4 0
	46573	4 0
Less amount refunded on 3/8/23	23286	10 0
	23286	10 0

No other Receipts or Payments were made in respect to the 1920/21 Assessment.

Re.Nundydroog Company's Schedule.

A difference of Rs14975 is shewn in the Reconciliation Statement in regard to the 1921-22 Assessment bringing the assessment upto Rs96322 which is the amount of the assessment according to the Company's records as follows:-

The amount of Income Tax as finally settled was

Final Assessment 1920/21 ..	Rs 66718	8 0
do. 1921/22 ..	96322	0 0
Provisional assessment 1922-23 ..	96322	0 0
	259362	8 0

The sum of Rs259362- 8- 0 was paid as follows:-

On 3/5/21	Provisional for 1920-21			Rs 36274	9 6
24/6/21	do.			36274	9 6
30/6/21	On a/c Final	20/21	Provl. 21/22	59701	9 0
12/6/23		21/22	" 22/23	82000	0 0
25/6/23	Settlement	20/21	" 21/22	1186	4 0
18/7/23	"	21/22	" 22/23	43925	8 0
				259362	8 0

Re. Balaghat Company's Schedule.

A difference of Rs415. 4. 0 is shewn in the Reconciliation Statement in regard to the 1923/24 assessment.

The payments claimed to have been paid according to Messrs. John

O.E.A.Rae

Taylor & Sons' Schedule over the period 1921/24 which includes the year of assessment in question are as follows:-

1921	..	..	Rs 4542 6 0
1922	..	..	26309 14 0
1923	..	..	40236-1 0
1924	..	..	74353 10 6
			145441 15 6

The amount of Rs145441-15-6 was paid as follows:-

On 27/4/21	Provisional	1920/21		Rs2271 3 0
21/6/21				2271 3 0
30/6/22	On a/c Final	1920/21 & Provl.	21/22	26309 14 0
29/5/23	do.	21/22	"22/23	35000 0 0
25/6/23	Settlement	1920/21	"21/22	1924 14 0
18/7/23	do.	1921/22	"22/23	3311 3 0
11/3/24	On a/c	1923/24		43922 14 0
16/12/24	1st Instalment	1924/25		30430 12 6
				145441 15 6

Difference for reference to the Managers.

Re. Mysore Company's Schedule.

A difference of Rs3039 is shewn in the Reconciliation Statement between the payments made during 1926 and 1927 and the amount stated to have been paid by the Mysore Government which is Rs773558 11 0.

According to the Books of the Mysore Company in India the following payments have been made:-

29th December 1925 on Royalty)	Put to suspense a/c and subsequently debited to Income Tax a/c in 1927	Rs61189 0
21st January 1926 do.)		61189 0
31st January 1926	on a/c of ordinary assessment	175936 11 0
16th February 1926	do.	175936 11 0
3rd January 1927	do.	149653 11 0
2nd February 1927	do.	149653 10 0
Total Payments agreeing with the Mysore Government Schedule in the Reconciliation Statement		773558 11 0

I am unable to explain this difference.

------: o :------

"Copy"

C E S Rae

Chief Inspector of Mines in Mysore. 14/1/27

M.S. 14/10/32.

D. O. letter No.I.C. 25/32-33 dated 24th September 1932 from the Deputy Commissioner of Incometax, Kolar District, to the Chief Inspector of Mines in Mysore.

---: oOo :---

In continuation of my D.O. letter No.I.C.25/32-33 dated 10th instant, I am to state that the figures in the reconciliation statements forwarded to me with your D.O. letter No.303 dated the 9th August 1932 were verified and the result of the verification is noted below:-

Mysore Co.

Payments made by this Company during the years 1926 and 1927 are Rs474,251-6-0 and Rs299,307-5-0 respectively and not Rs351,873-6-0 to Rs418,646-5-0 as shown in the reconciliation statement. The total amount thus actually recovered during the years 1926 and 1927 is Rs773,558-11 and not Rs770,519-11-0 as noted in the statement. Hence the difference of Rs3,039/-.

Champion Reefs Co.

The total amount of tax assessed finally for the year 1921-22 was Rs41,572/- on an income of Rs665,152/-. But on appeal, the Commissioner of Incometax reduced the assessable income by Rs292,566/- which was found to be not taxable and the incometax thereon at one anna in the Rupee (viz. Rs18,285-6-0) was also reduced. Hence the difference of Rs18,285-6-0.

Balaghat Co.

Amount of incometax assessed provisionally for 22-23 and recovered during 22-23 was Rs27,349-14-0. But in the year 1923-24 the final tax for 22-23 was determined to be Rs25,397-8-0 and the differen between these two amounts viz. Rs1,952-6-0 was the amount of tax recovered extra and this sum was deducted from the incometax of Rs25,354-0-0 due for the year 1923-24 and the balance of Rs23,401-10-(recovered during 23-24. But in the reconciliation statement the payment brought forward from last account has been shown as Rs1,537-2-0 instead of Rs1,952-6-0. Hence the difference of Rs415-4-0.

---: oOo :--- "Copy"

CE&Rao

CHIEF INSPECTOR OF MINES

MYSORE GEOLOGICAL DEPARTMENT.

Bangalore, ...

A. M. SEN, Esq., M.Sc., F.G.S., etc.,
Offg. *Director of Geology in Mysore,*
Bangalore.

16.V

DEVELOPMENT BRANCH

D

2/11/32

D.Srinivasa Iyengar, Esq., B.A.,
Secretary to the Government of
His Highness the Maharaja of Mysore
Development Department, Bangalore

With reference to your letter No.D.3843/Geol.99-30-12 dated 3rd February 1932 and subsequent reminders thereto regarding the Kolar Gold Mining Leases, I have the hono forward herewith a connected history of the protracted tions between the Mysore Government and the Kolar Gold mining companies in regard to the original and renewed entered into between the two as far as information is a in this office.

The following books and files connected with subject - which have been referred to in the body are forwarded herewith as desired:-

Selections from the Records of the Mysor
Gold Mines. 1886 (Book 1).

The above files and books may kindly be returned when done with.

I have the honour to be,

Sir,

Your most obedient servant,

A. M. Sen

Offg. Director,

Mysore Geological Department.

A connected brief History of the protracted negotiations between the Mysore Government and the Kolar Gold Field Mining companies in regard to the original and renewed contracts entered into between the two parties:-

---

The present gold mining activity in Mysore is considered to commence from August 1873, when Mr. M.F. Lavelle, a civil Engineer of Madras, applied to the Chief Commissioner of Mysore and Coorg, for a mining right in the olar district. After a long correspondence, a memo of greement was executed on the 22nd February 1875 between ne Government of Mysore and Mr. Lavelle. (Selections rom the Records - Gold Mines. page 5). This agreement ontains, amongst others, the following important condition

(1) The right of mining is to extend over 20 years.

(2) All metals and metallic ores are to be included.

(3) No dead rent is to be levied. (This dead rent refers to a certain fixed sum per annum, usually levied by the then Government in such cases as a security for continued working, plus a royalty, subject to certain conditions. It was originall proposed to levy this dead rent of Rs.1000/- per annum from Mr. Lavelle; but this was dropped in the final agreement).

(4) There will be no assessment when the borings &c., are in Government unarable waste.

(5) Thirty times the Government assessment is to be paid, when the borings are on assessed, i.e., occupied or cultivable waste lands.

(6) A royalty of 10% is to be paid on all metals and metallic ores, coal &c.

(7) A royalty of 20% is to be paid on all precious stones found.

(8) Special permission is to be obtained before prospecting or boring on assessed and occupied lands, or cultivable waste.

(9) The vested interests of native miners and smelters are not to be interfered with.

(10) In the event of Mr. Lavelle failing to comply with any of the above conditions, or in any way causing obstruction or annoyance to any class of the people or to the officers of Government, the Chief Commission reserves the power of annulling the mining right thus granted.

(11) Mr. Lavelle shall from time to time and at all times during the period of 3 years commencing from the 22nd February, 1875, have exclusive license and liberty to enter into upon and throughout the Kolar District in the Nundydroog division of Mysore for prospecting and examining for gold, metallic ores, precious stones coal and other substances of a merchantable nature, in this district and to drive or sink shafts at any place or places within this district.

On the 9th March 1877, Mr. Lavelle surrendered to ıent all his interests under the above agreement and ɛı ıment entered into a similar agreement for 3 years with eral De la P.Beresford and Mr. A.Mackenzie (henceforth ned the Kolar Concessionaires; see selections Gold Mines ɹ⌐ɔe 18) In July 1877 Mr. Mackenzie transferred by an indenture all his interests to General Beresford (selections, page 35)

In February 1880 the concessionaires applied for three more blocks, for an extension of two years of their prospecting concession, for the early grant of the lease and that the royalty be reduced and either the term exte or that power to renew be inserted.

By an order No.8246-G.1656, dated 12th February, 1880 (see selections - p.25), the Chief Commissioner extended the time allowed for prospecting to the Kolar Concessionaires to February 1883. The term for mining was extended from 20 to 30 years, without any undertaking being given for a renewal at the expiration of this term. In April 1880 it was ordered that a single lease might be granted for two or more two-mile blocks for mining purposes in the Kolar district, if they adjoin. In May 1880, the concessionaires were allowed to take up 20 sq. miles in all, in as many blocks as may be convenient, so long as no single block was less than ¼ sq.mile in extent.

In August 1880, it was ordered that the lessee was to pay a royalty of 5% on the net sale proceeds of all gold, metallic ores, coal and other substances of a merchantable nature which would have been dressed, crushed and made - merchantable, or such less rate as might be fixed hereafter for British India generally by the Government of India, and of 10% on the saleable value of all precious stones found in the selected block, clear of all deductions whatever.

Other conditions of the concession granted to Colonel Beresford for mining leases by an indenture are stated in a memorandum issued in August 1880 (see selections - Gold Mines pages 26-27 and pages 29-33). · Leases for two blocks of land were already granted under these conditions and application for another block was under investigation at this time.

Later on in 1880-81 leases were allowed to be taken up at an assessment of Rs.5/- per acre in lieu of the royalty of 5% of the proceeds; and further the lump payment of Rs.55,000/- per sq. mile leased instead of this assessment of Rs.5/- per acre was allowed if so desired, this last commutation to be availed of within one year from the date of the lease. (selections page 33).

With regard to other applicants outside the Kolar concession the terms of lease included a lease for 30 years, a royalty of 5% (without any proviso) and in case of any transfer of a lease, a fine of 10% of the amount of the consideration for such transfer.

The rules for the grant of mining leases by the Mysore Government in February 1881 are stated on page 42 of t selections. These rules with some modifications were sanctioned by His Highness the Maharaja of Mysore for the grant o mining leases in Mysore from 26th July 1881 as shown on page 43; these however did not apply to the Kolar concessionaires.

On 26th July 1881 it was also ordered that every assignment of the right, title and interest granted by the lease, whether such assignment be made by the lessees or their successors by assignment however remote, should be subject to the payment to the Government of Mysore of a fine which would be regulated as follows, namely - for the first assignment a fine of 1/10th of the consideration therefor, and for every subsequent assignment, a fine of 1/10th of the excess, if any, of the amount of considerations for such assignment over and above the amount of consideration for the assignemt immediately preceding it.

Early in 1881 the Kolar concessionaires sold portions of the leasehold of 20 sq. miles guaranteed to them for mining purposes in the Kolar district and were negotiating the sales of other portions to companies in England and in India for very large prices.

By an indenture dated 6th December 1881, General Beresford assigned his rights under the Kolar concession and benefit of agreements connected therewith to a Lessee company limited by shares duly formed and registered in England. (op. cit. - p.36).

In February 1886 the rule of assignment as passed on 26th July 1881 was modified, Government reserving to itself the power of computing the fine by determining the present value of the consideration under certain conditions. (selections. - pp.50-51).

On 22nd February 1886, revised rules for the grant of mining leases in Mysore were published (selections, pp.51-53); these were not applicable to the Kolar concessionaires, or to mining leases already executed by the Government.

Towards the end of 1886, several of the gold mining companies, through a number of assignments, worked on the Kolar Gold Field as sub-lessees from the Kolar concessionaire company; and early in 1888 they sought for a definite expression of the intentions of Government as to how they would be treated at the termination of the 30 years lease under which they held, and also for such an immediate extension of the term as would enable them to raise additional capital which was urgently required for some of the mines. The Kolar concessionaire company in whom vested the last few day of the original term of 30 years, as well as the gold Fields of Mysore company, also applied for an extension of term in the interests of the sub-lessees. (Book 2, p. 1).

In the meantime in supersession of Government notifications No.107 of 5th September 1887 and No.25 of 15th April 1891, prescribing forms of licenses and leases for gold and other minerals and with reference to a notification No.1739 of 28th July 1894, suspending the grant of licenses for prospecting in Mysore for gold and other minerals, a Government notification No.46-M was issued on 13th October 1897, laying down revised rules for prospecting licenses and mining leases with the necessary forms. (Book 3, pp.4-17.)

Owing to the rapid development of the industry, the prospect of its continuance and experience gained in connection therewith during the past 18 years, the reconsideration of the rate of royalty was found desirable in February 1899. From consideration of all points of view (see Memo, Book 3, pp.18-28) it was concluded that the present fixed royalty of 5% of the gross produce was unsuitable in every way as being both an unduly heavy levy upon poor mines or upon mines in the course of development and an inadequate return to the State from the more prosperous mines. To meet the reasonable claims both of the state and of the investing public there should be levied a varying royalty upon the net annual income of each mine according to a fixed sliding scale of rates, subject to the condition that no royalty whatever should be leviable from a mine whose net income in the year was below a specified reasonable percentage upon the actual bonafide capital. All annual incomes above the specified percentage should be charged with royalty according to the prescribed sliding scale, providing higher rates for higher incomes. Though these special terms appeared to Government to be a convenient and practical basis for the grant of leases in special valuable tracts, yet whether such a basis should be adopted as an integral part of the policy of the state in regard to mining leases was reserved for further consideration and experience.

These terms have been discussed in detail in the memoranda of the State Geologist and Secretary to Government in the Geological Department, of 18th July 1899 and 16th December 1899, in the Book 3, pp.29-51.

Correspondence (Book 3, pp.63-82) between the Dewan of Mysore and the office of the British Resident in Mysore on the proposed sliding scale of royalty on gold produced in the State continued, until in June 1901 the Dewan was informed that a reference had been made to His Majesty's Secretary of

State

State for India on the subject. It was stated that the scheme propounded in the above memoranda involved an intricate analysis of gross and nett profits and appeared likely to open the door to litigation.

Correspondence on the various sliding scales of royalty continued between the Government, the gold mining companies through their representatives and the office of the British Resident in Mysore to June 1900 as shown in Book 2 (on Renewal of mining leases in Mysore).

The Secretary of State was requested to obtain for the Government of India the opinion held by persons conversant with mining business, firstly, as to the reasonableness of an ascending scale of royalty on the output, ascending as the output increases, and secondly, as to whether the maximum rate to which the royalty would rise under the proposed scale was excessive or not. Mr. F.C. LeMarchant, a member of the Council of the Secretary of State for India, was consulted, who after consulting with various authorities, recorded a memorandum with annexures (see book 3, pp.81-87). Mr. LeMarchant proposed

(a) to maintain the existing royalty on gross profits;

(b) to maintain the 5% rate of that royalty as a maximum, but to graduate it downwards, so as to press less heavily on mines with a low average of returns; and

(c) to impose a charge of about 2½% on dividends, with exemption or abatement for companies whose dividends are below some fixed sum, such as £25,000/- a year.

The Government of India strongly recommended Mr. LeMarchant's scheme to the acceptance of the Durbar.

The Honourable Mark Francis Napier, Director of the Mysore Gold Mining Co. Ltd., holding powers of attorney for 11 companies noted later on, had a prolonged discussion with the Dewan on the subject of royalty and in his letter of 17th December 1901 stated that the following offer made by the

Directors on 10th June 1900, could not be renewed for considerations noted in this letter (see file 218-03-04, No.17 A). These terms were as follows:-

When no dividends are declared -	2½% of gold produced to b fixed as royalty.			
When dividends declared do not exceed 50% of capital -	5%	do	do	do
When dividends declared exceed 50% of capital. -	7½%	do	do	do.

This scheme though hastily approved of by the Directors in June 1900 on telegraphic communications with Mr. Edgar Taylor, their representative in India, to meet the scheme of sliding scale of the late Dewan, was finally condemned by them as unwise in principle, difficult of application and probably affording worse royalty than the 5% on the gross which the Mysore Government were then receiving. Whenever the interests of the companies or the demands of the share holders required an increase of capital by the Directors, there would be a fruitful source of suspicion and complaint, and possible litigation on the part of the Mysore Government; and these cases of dispute and difficulty would arise whenever the Directors judged to consider the question of an increase in the capital. Moreover the management would always try to keep the returns down to such a point as would not yield quite 50% upon the capital. Under these circumstances it would be unwise in the interests of either party to entertain any scheme affording so many opportunities for mutal misunderstanding and suspicion.

(continued)

Memorandum of Agreement of 21st December, 1901:-

After a continued discussion of the subject on the basis of the memorandum of Mr. F.C.LeMarchant, the following memorandum of agreement was drawn up on 21st December 1901 between the then Dewan of Mysore, Mr.P.N.Krishna Murti, acting for the Government of Mysore and the Honourable Mark Francis Napier, Director of the Mysore Gold Mining Company, Ltd., holding powers of attorney for the companies mentioned in the annexed schedule:-

The parties hereto agreed as follows:-

(1) All existing leases and assignments shall remain in operation undisturbed until March 22nd, 1910.

(2) Upon that date the Mysore Government shall renew to the said Companies such Leases for a term of 30 years from March 22nd 1910, in terms ~~indie~~ identical with those in the said existing leases and assignments save so far as they affect royalty payable to the Mysore Government.

(3) The royalty payable under the said renewed leases shall be 5% on net proceeds as heretofore without change or abatement, and also 2½% on all dividends as and when declared.

(4) No rebate is to be claimed on existing leases and assignments in reference to the Royalty realised in British India.

Signed in the presence of Lt.Col.Donald Robertson, British Resident in Mysore.

The schedule of companies for which the Hon'ble Mark Francis Napier held powers of attorney:-

The Mysore Gold Mining Co., Ltd.,
The Champion Reef Gold Mining Co. of India, Ltd.,
The Ooregum Gold Mining Co. of India, Ltd.,
The Nundydroog Company, Ltd.
The Gold Fields of Mysore, Ltd.,
The Balaghat Gold Mining Co., Ltd.
The Nine Reefs Company, Ltd.
The Coromandel Gold Mining Co. of India, Ltd.
The Road Block Gold Mining Co., Ltd.
The Oriental Gold Mining Co. of India, Ltd.
The New Kempinkote Gold Fields, Ltd.

The correspondence leading to the above memorandum is to be found in the file of the Mysore Geological Department No.218 of 1903-04, serials 1-29.

The sanction of this memorandum of agreement by the Government of India was conveyed by the First Assistant to the British Resident in Mysore in his letter No.1658, dated Bangalore 22nd March 1902, wherein it was also stated that in framing proposals for granting new leases, the Durbar should take into consideration the advisability of lowering the dues in the initial steps of an undertaking.

On 28th July 1902, the Chief Court of Mysore decided that the amount of stamp duty payable on this memorandum of agreement would be Rs.200/- per mine or Rs.2200/- as the agreement related to eleven district mines; and this amount was paid by the Committee of Directors of the mining companies to the Deputy Commissioner of Bangalore on the 18th December 1902.

On the 18th July 1902, Messrs. John Taylor & Sons, on behalf of the Committee of the Directors of the several Gold Mining companies, informed the Geological Secretary to the Mysore

Government that the Committee was of opinion that it would not be desirable to prepare the form of lease at that time so much in advance of the date when it would come into operation.

The old mining lease form was revised by Messrs. Barclay,Orr and David, Solicitors and Notaries of Madras, in November 1902.

In supersession of Government Notifications No.46-M dated 13th October 1897, and No.M-99 and No.100-A, dated 9th December 1897, revised rules for the grant of Exploring and Prospecting Licenses and Mining Leases in the Mysore State were issued under Notification -Geological, No.555S, dated Bangalore 2nd March 1904. The following scales of royalty on gold and silver were fixed under these rules:-

(1) No royalty shall be paid so long as the operations in connection with the mining block do not result in any net profits to the lessee.

(2) For each calendar year in which the operations result in a balance of net profit to the lessee, the rate of royalty shall be 5% of the gross sale value of the gold and silver.

(3) For each calendar year for which the net profits exceed the sum of £25,000/- the lessee shall pay an additional roaylty of 5% of all net profits in excess of £25,000/-

provided that in the case of the lessee being a duly registered company the words "Divisible profits" may be substituted for "Net profits" in this clause.

Note:- "Net profits" shall be the excess of income over legitimate working expenditure calculated for each calendar year separately; and "Divisible profits" shall be "Declared Dividends", and bonuses or other payments made out

of net profits to or on behalf of the shareholders and interest on debentures.

On 27th March 1908, Messrs. John Taylor & Sons referred to a draft lease placed before the Mysore Government, which was to take the place of the leases expiring in March 1910, as the new leases would come into operation from March 22nd 1910, according to the memorandum of agreement of 21st December 1901. It was stated in this memorandum that the existing leases should be renewed on the original terms except as regards royalty. It was however found practically impossible to renew the existing leases as they differed among themselves and the areas granted thereunder had been split up by a number of assignments and re-assignments amongst the existing mining companies, so that the blocks worked by the assignee companies comprised portions of blocks granted under different leases; so instead of renewing the existing leases in accordance with the memorandum of agreement fresh leases should be granted to the companies for the blocks then being worked by them.

When these difficulties were brought to the notice of the companies through their agents, Messrs. John Taylor & Sons of London, the latter in their letter of 2nd April 1909 agreed that the renewal of the original leases might give rise to many difficulties and it would be better to issue fresh leases to the existing companies over the blocks to which they were then legally entitled. A modification of the agreement of 21st December 1901 was also considered advisable in accordance with the amendments suggested by the Government to clauses 1 and 2 of the draft lease, which would be taken as preamble. The companies agreed with other modifications to accept a rent of 8 annas per acre, and also to pay (as per clause 9) an additional royalty of 2½% upon the amount of all dividends from whatever source derived as and when declared and made payable by the lessees to their shareholders. A clause

(NO.33) was added for the renewal of the lease after 1940 for a further term of 30 years under certain conditions specified therein.

On 24th December 1909, Messrs. John Taylor and Sons wrote that as survey of the new boundaries of the mining blocks and preparation of plans for attachment to the new leases showing such revised boundaries would take some time, the new leases might not be complete for execution by the 22nd March 1910; and they suggested that a short agreement might be prepared reciting the fact that the new leases could not be granted until fresh surveys were completed, and that on completion of such surveys the new leases would be executed in the terms of the printed and approved lease. The Government however did not think that the execution of such a formal agreement was necessary; but they were pleased to direct on the 5th February 1910 that in the event of the fresh leases not being ready for execution by the 22nd March 1910, the companies would continue to be in possession of their respective blocks and carry on operations on terms identical with the terms of the fresh leases already agreed upon between the Government and the companies.

In March 1910 Government also agreed to the proposed amendments in clauses (1) and (2) of the revised draft of the fresh mining lease, as all the old leases were to be surrendered and there was no necessity to make plans and schedules showing how they had been split up under the various assignments, since the preparations of such plans and schedules involved owing to the multitude of assignments a considerable amount of work which would be of no value to anybody. It was however agreed that slight revision of the boundaries of the blocks might be made as mutually agreed upon by the companies concerned on the understanding that any proposed revision would be subject to the approval of Government.

Thirteen mining leases in respect of 13 Gold Mining blocks on the Kolar Gold Field under the manggement of Messrs. John Taylor & Sons, drawn up according to Government proceedings No.1724-6, dated 5th February 1910 and modified as stated above, were signed by Mr. R.H.P.Bullen, Superintendent of the Ooregaum Gold Mining Co. Ltd., on behalf of the several gold mining companies on 25th October 1910, being authorised to do so under powers of attorney. These were all signed and executed by the Dewan of Mysore on the 24th November 1910 and registered in the office of the District Registrar of Bangalore on the 28th November 1910.

This brings the history of negotiations between the Mysore Government and the Kolar Gold Field Mining Companies in regard to the original and renewed contracts entered into between the two parties up to 28th November 1910. All available correspondence on the subject between 21st December 1901 and 28th November 1910 will be found in the file No.218.B/03-04.

Further assignments, taking place between November 1910 and February 1927, as stated in this office letter No.6039-5 date 22nd July 1931, transferred the 13 blocks granted in 1910 to seven companies to the possession of the following five companies

(1) The Mysore Gold Mining Co. Ltd.,
(2) The Champion Reef Gold Mines of India, Ltd.
(3) The Ooregaum Gold Mining Co. of India, Ltd.
(4) The Nundydroog Mines, Ltd.
(5) The Balaghat Gold Mines, Ltd.

Again in April 1932, with the approval of Government, the Balaghat Gold Mines Ltd. assigned their properties to the Nundydroog Mines Ltd. for a consideration of £40,000/- It was also agreed between the two companies that the Nundydroog Co. should deal with the ore reserves situated on the properties

ransferred and the profits arising to the Balaghat Company in respect of this ore were deemed to be £21,000/- The proper documents relating to the two transactions were executed and registered at the office of the District Registrar of Bangalore on 16th May 1932 and 3rd August 1932 respectively.

So now only four mining companies (Nos.1, 2, 3 & 4 in the above list) are working the mining blocks on the Kolar Gold Field under the existing mining leases, current up to 22nd March, 1940.

It may be mentioned here that the rules for the grant of exploring and Prospecting Licenses and Mining Leases for economic minerals and ores in the Mysore State with the rates of royalty, rents and fees have been revised by Government after 1904 from time to time as necessity arose in June 1906, October 1910, May to September 1916 and May 1920. These have been officially notified and published; whereas in June 1923, April 1924, October 1924 and June 1928, some revisi were made in respect of certain minerals other than gold and silver.

A. M. Lee 1.11.32

Offg. Director,
Mysore Geological Department.

MC372
Kolar Gold Fields-7 bundles

To Dewan
with compliments
19/4/33

Ballabrooie,
Bangalore, 18th April 1933.

4133

Dear Mr. Madhava Rao,

I return herewith with many thanks the bulk of the files relating to the Kolar Gold Fields leases which you sent under cover of your letter No. 95/1932-33 of the 23rd March last. I am sorry to say that a selection of papers out of the file which I took up to Nandi with me has already gone back to the Dewan with my note.

I have had so much to do that I have not had time to look through the Company's reports, but I think it might be worth your while to put a clerk on this, when you have one to spare, with a view to seeing whether they do not contain anything in the nature of what a lawyer calls an "admissions against interest".

Yours sincerely,

Geol 99-30-46.

Oaklands,

Nandidroog, 17th April 1933.

No C 366
File

My dear Mirza,

I take it that you wished to have a note on the Kolar leases before you leave, and am therefore sending you one of such opinions as I have been able to form on the files after spending two long mornings on it. I feel, however, that I could spend a week without getting to the bottom of it.

Yours sincerely,

S Radhakrishnan

N O T E

The system of graduated taxation is now universally accepted in the case of income tax and death duties. Apriori it should be applicable to the case of the profits on mines of which the State is the owner; still more is this the case where a mine has been proved, reserves ~~all~~ located and ~~that~~ the cost of the plant paid for out of profits so that all that the lessee finds is the working capital.

Sir K.Seshadri Iyer fully recognised this principle, and in a series of notes from 1900 onwards made most elaborate proposals for taxation on a sliding scale and in 1900 put the proposals to the companies who accepted the principle, ~~but~~ though they did not accept the scale.

The most extraordinary feature of the case seems to be the way in which these scales were abandoned one after another, apparently without contest, and even the statement that one of the most important of all the tables, which was deduced to show that the average net profits increased with the increase of gold production, represented the outputs of different mines in different years arranged in no order except that of establishing the assumed rule of increasing profits" was accepted without objection.

Mr.Le Marchant's Memorandum, on which the present system was based is extraordinarily vague and casual. He objects to a sliding scale on output because he says that this would be hard on people who ~~were~~ are trying to work lower grade ores. He says it would seem to be a satisfactory solution to make net profits the basis of charge, and suggests a sliding scale with a maximum of 10%; then turns round and says that an entire alteration of the system of charge might lead to" serious opposition", and finally proposes the plan of maintaining the existing royalty on gross output with

5% ~~on the~~ as a maximum coupled with 2½% on dividends.

The Government of Mysore did not accept this opinion in the first instance, but proposed a modification of it, for which they gave good grounds. There are no papers in the file showing why that modification was rejected.

The first question for decision in the present circumstances ~~however~~ appears to be whether, however badly Mysore may have fared in the negotiations of 1901, it is ~~possible~~ desirable to attempt to regain any of the ~~position~~ ground lost. It is true that the principle of a graduated scale, which was found so disturbing then, is now universally accepted, and if the mines were still making profits of 100%, proposals for ~~the~~ a scale of taxation based on profits rising up to a maximum ~~and~~ even ~~as much~~ as high as 50% might have support. On the other hand the mines were then on the upward grade. They are now definitely it seems on the downward grade, that is to say, the reserves are being exhausted and the cost of working is showing an increase in proportion to gross produce. Consequently the royalty does represent actually a much larger percentage of dividends than it did. Perhaps therefore any idea of amending the system with a view to increased return may be abandoned.

The next question is whether any reduction should be made. The chief argument in favour of reduction in the Company's letter is that the two mines "have already reached the stage when it will have to be promptly decided for how long the intensive programme of exploratory development in depth can continue." The Company would appear to have solved the question in relation to the Balaghat mine themselves by amalgamating it with Nandidroog. There remains the question of Oorgaum. It would be useful to know whether Messrs. John Taylor & Sons are in a position to amalgamate this with some other mine or not. This presumably depends

on the proportion of shares they hold in the various mines. It might be worth while to ask the Trade Commissioner to inspect the registers of shareholders and advise Government whether Messrs.John Taylor and Sons hold more than 51% of the shares in all. If they do, it seems hardly necessary to pay greater consideration to the difficulties of particular companies when it is in the power of the Managing Agents to amalgamate them as they please.

In the third place comes the question of sliding scale proposed by Messrs.John Taylor and Sons. Their proposal is to relate cost of working and net profits to gross output in the following manner:- "The royalty payable upon the net sale proceeds of the gold output to be X per cent of the figure obtained by expressing the Working Profit as a percentage of the value of the gold output of the year." They define the working profit as the figure obtained by deducting the expenditure from the gold sales, and, assuming the factor X to be equal to 10, they suggest that, if the expenditure is equal to the gold sales, there should be no royalty; If it is 90% of the gold sales, the royalty should be 1% leaving 9% for the Company; If it is 80%, the royalty would be 2%; if it is 70%, 3%; if it is 60%, 4%; if it is 50%, 5% which appears to be intended to be the maximum. This proposal seems to be just on the same principle as the proposal for royalty on a sliding scale on the net profits which was commended by Mr.Le Marchant, but not acted upon for reasons which do not appear.

It will of course be noticed that the companies are pressing for it now when they think it would be to their advantage although it was rejected 30 years when it would have been to the great advantage of the State.

The objections ~~such~~ as that were urged against it in 1901 could probably be got over by a clear definition of what is meant by ~~net~~ working profits. The various devices for reducing the chargeable profits by an inflation of capital

and otherwise have since been countered for the most part by a highly trained income tax authority, and it should not be difficult to arrive at a definition with the aid of income tax practice.

The trouble would be to discover and agree upon the ratio X. I would suggest that in the first instance the accounts of all the companies for the past ten years be examined and the royalties ~~are~~ calculated on the basis suggested in the ~~companies~~ Company's letter, giving different values to X until a figure is found which will produce the same total result as at present. It might then be considered whether it is worth the ~~Company's~~ Government's while to consider the Company's offer on this basis. The pros and cons would appear to be on the one hand that the graduation of the scale would increase the inducement in the less profitable mines to continue exploration and development and on the other hand that the continuance of the present arrangements would probably give a better financial return so long as the mines continued to work.